

**COPY-**

**Application**

**Blount Memorial**

**Hospital, Inc.**

**CN1305-015**



STATE OF TENNESSEE  
Health Services and Dev Agency  
Office 31607001  
5/7/2013 9:10 AM

Cashier: annir0811001  
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CN1305-015

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MEMO

PAY TO THE ORDER OF Tennessee Department of Health Services

Four Thousand Nine Hundred Seventy-One and 00/100\*\*\*\*\*

Tennessee Department of Health Services

⑈900390⑈ ⑆064208165⑆00001162267⑈

*[Signature]*

MP

DOLLARS

\$ \*\*4,971.00

**BLOUNT MEMORIAL HOSPITAL**  
907 E. Lamar Alexander Parkway  
Maryville, TN 37804-5016

BB&T  
BRANCH BANKING & TRUST CO.  
87-816642

5/3/2013

900390

**Section A:**

**Section A, Item 3:**

**Response:**

Blount Memorial Hospital's Charter of Incorporation is contained in Appendix A-3.

**Section A, Item 4:**

**Response:**

Blount Memorial Hospital, Incorporated, will own and operate the proposed re-located and upgraded MRI. There is no other ownership involved with the proposed upgraded MRI.

**Section A, Item 6:**

**Response:**

The Warranty Deed for the property at 266 Joule Street, Alcoa, TN 37701 (the proposed re-location for the MRI), is contained in Appendix A-6. The Corporate Charter is provided in Appendix A-3.

**Section A, Item 13:**

**Response:**

Blount Memorial Hospital participates in all TennCare MCO's that operate in our service area including:

Blue Cross/Blue Care

Cover TN

Cover TN for Kids

TennCare Select

United Healthcare's Community Health Plan

While we don't participate in plans that operate outside our service area, we have negotiated single case agreements with the applicable MCO when we have provided service for TennCare recipients who reside outside our service area.

1. **Name of Facility, Agency, or Institution**

Blount Memorial Hospital, Incorporated

Name

266 Joule Street

Street or Route

Alcoa

City

TN

State

Blount

County

37701

Zip Code

2. **Contact Person Available for Responses to Questions**

Jane Nelson

Name

Blount Memorial Hospital

Company Name

907 E. Lamar Alexander Parkway

Street or Route

Employee

Association with Owner

Maryville

City

865-981-2310

Phone Number

Assistant Administrator

Title

JNelson@bmnet.com

Email address

TN

State

37804

Zip Code

865-981-2333

Fax Number

3. **Owner of the Facility, Agency or Institution**

Blount Memorial Hospital, Incorporated

Name

907 E. Lamar Alexander Parkway

Street or Route

Maryville

City

TN

State

865-981-2310

Phone Number

Blount

County

37804

Zip Code

4. **Type of Ownership of Control (Check One)**

A. Sole Proprietorship

B. Partnership

C. Limited Partnership

D. Corporation (For Profit)

E. Corporation (Not-for-Profit)

F. Government (State of TN or Political Subdivision)

G. Joint Venture

H. Limited Liability Company

I. Other (Specify)

✓

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

5. **Name of Management/Operating Entity (If Applicable)**

Not Applicable ☐

Name

Street or Route  County

City  State  Zip Code

PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND  
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

6. **Legal Interest in the Site of the Institution (Check One)**

- A. Ownership ☒ D. Option to Lease ☐
- B. Option to Purchase ☐ E. Other (Specify)  ☐
- C. Lease of  Years ☐

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND  
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

7. **Type of Institution (Check as appropriate--more than one response may apply)**

- |   |   |
|---|---|
| A. Hospital (Specify) <u>Acute care facility</u> <input checked="" type="checkbox"/>        | I. Nursing Home <input type="checkbox"/>  |
| B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty <input type="checkbox"/>    | J. Outpatient Diagnostic Center <input type="checkbox"/>  |
| C. ASTC, Single Specialty <input type="checkbox"/>  | K. Recuperation Center <input type="checkbox"/>   |
| D. Home Health Agency <input type="checkbox"/>  | L. Rehabilitation Facility <input type="checkbox"/>   |
| E. Hospice <input type="checkbox"/>   | M. Residential Hospice <input type="checkbox"/>   |
| F. Mental Health Hospital <input type="checkbox"/>  | N. Non-Residential Methadone Facility <input type="checkbox"/>  |
| G. Mental Health Residential Treatment Facility <input type="checkbox"/>                    | O. Birthing Center <input type="checkbox"/>   |
| H. Mental Retardation Institutional Habilitation Facility (ICF/MR) <input type="checkbox"/> | P. Other Outpatient Facility (Specify) <u>re-location of outpatient MRI</u> <input checked="" type="checkbox"/> |
|   | Q. Other (Specify) <input type="text"/> <input type="checkbox"/>  |

8. **Purpose of Review (Check) as appropriate--more than one response may apply)**

- |  |   |
|--|---|
| A. New Institution <input type="checkbox"/>  | G. Change in Bed Complement <input type="checkbox"/>  |
| B. Replacement/Existing Facility <input type="checkbox"/>  | [Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, Relocation] |
| C. Modification/Existing Facility <input type="checkbox"/>   |   |
| D. Initiation of Health Care Service as defined in TCA § 68-11-1607(4) (Specify) <input type="text"/> <input type="checkbox"/> | H. Change of Location <input checked="" type="checkbox"/>   |
| E. Discontinuance of OB Services <input type="checkbox"/>  | I. Other (Specify) <input checked="" type="checkbox"/>  |
| F. Acquisition of Equipment <input type="checkbox"/>   | <u>Replacement of outpatient MRI &amp; relocation</u>   |

9. **Bed Complement Data**

*Please indicate current and proposed distribution and certification of facility beds.*

	Current Beds Licensed	*CON	Staffed Beds	Beds Proposed	TOTAL Beds at Completion
A. Medical	157		90		157
B. Surgical	94		64	94	94
C. Long-Term Care Hospital					
D. Obstetrical	12		12		12
E. ICU/CCU	25		17		25
F. Neonatal					
G. Pediatric					
H. Adult Psychiatric	8		8		8
I. Geriatric Psychiatric					
J. Child/Adolescent Psychiatric					
K. Rehabilitation					
L. Nursing Facility (non-Medicaid Certified)	76		76		76
M. Nursing Facility Level 1 (Medicaid only)					
N. Nursing Facility Level 2 (Medicare only)					
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)					
P. ICF/MR					
Q. Adult Chemical Dependency	8		8		8
R. Child and Adolescent Chemical Dependency					
S. Swing Beds					
T. Mental Health Residential Treatment					
U. Residential Hospice					
<b>TOTAL</b>	380		275		380

\*CON-Beds approved but not yet in service

10. Medicare Provider Number 440011  
Certification Type Hospital

11. Medicaid Provider Number 0440011  
Certification Type Hospital

12. If this is a new facility, will certification be sought for Medicare and/or Medicaid? N/A

13. Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? Yes If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.

*Discuss any out-of-network relationships in place with MCOs/BHOs in the area.*

**NOTE:** **Section B** is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. **Section C** addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. **Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.**

## **SECTION B: PROJECT DESCRIPTION**

Please answer all questions on 8 ½" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

- I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost funding, financial feasibility and staffing.

### **Response:**

**Blount Memorial Hospital is seeking approval to provide an upgrade to its existing MRI that serves an outpatient population located at 220 Associates Boulevard, Alcoa, TN 37701 and re-locate it to 266 Joule Street, Alcoa, TN 37701, 1.6 miles away. By re-locating the MRI to the Joule Street location, we can consolidate our outpatient diagnostic services and achieve improved efficiencies in our operation rather than operating two diagnostic sites that are 1.6 miles away from each other. Blount Memorial owns the 266 Joule Street building that contains thirty-eight physician practices with existing CT and x-ray equipment. By moving the MRI to this location we can eliminate duplicate CT and x-ray equipment currently at the Springbrook site and achieve efficiencies by combining staff and in some cases, reducing staff.**

**The proposed upgraded MRI is a 3T, wide bore MRI that provides the latest technology available for MRI services, and provides a wide bore (our current MRI bore size is 60 cm and the proposed 3T is 70 cm) and increased table weight capacity from the existing 350 pound limit to 500 pounds. Blount Memorial Hospital is a Bariatric Center of Excellence and we need the capability to provide MRI for this size population. We turn down at least seven patients a month who need greater weight capacity or increased bore width. In addition, this model helps with patients who experience claustrophobia. While medication does help with claustrophobia, we still find that on average, eight patients a month are not**

able to complete their exam due to claustrophobia. The total cost for the project without the CON fee is projected to be \$2,209,245, and with the CON fee is \$2,214,216.

II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.

A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 eq seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost Per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A-E by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B-E. Please also discuss and justify the cost per square foot for this project.

If the project involves none of the above, describe the development of the proposal.

**Response:**

The proposed upgraded MRI 3-T, wide-bore system will fit into existing space at the proposed re-located site at 266 Joule Street. The total square footage of the MRI space, the control room and the renovated wait area is 882 square feet. When East Tennessee Medical Group owned the building, they had intended to place MRI in the building, but were not successful in obtaining a CON. The walls will require copper infrastructure to protect the equipment and the areas external to the room, a control room, and renovation of an area to provide a wait area for patients. The cost associated with this is \$347,000. We have already affirmed that the flooring at the ETMG location meets the weight bearing requirements of the magnet and associated equipment. Additionally, the building was constructed with a knock out wall specifically for this purpose. There would be no interruption of service associated with the re-location as we would not shut down the MRI currently at Springbrook until the new MRI was operational at Joule Street. The existing MRI will be turned in to the manufacturer at that time. The cost of removing the MRI at Springbrook is anticipated to be \$42,000. The cost per square foot

**for the renovated area at the proposed new location, including architect/engineering fees and contingency construction dollars is \$899.**

- B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.

**Response:**  
**Not Applicable.**

- C. As the applicant, describe your need to provide the following health care services (if applicable to this application):

1. Adult Psychiatric Services
2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
3. Birthing Center
4. Burn Units
5. Cardiac Catheterization Services
6. Child and Adolescent Psychiatric Services
7. Extracorporeal Lithotripsy
8. Home Health Services
9. Hospice Services
10. Residential Hospice
11. ICF/MR Services
12. Long-Term Care Services
13. Magnetic Resonance Imaging (MRI)
14. Mental Health Residential Treatment
15. Neonatal Intensive Care Unit
16. Non-Residential Methadone Treatment Centers
17. Open Heart Surgery
18. Positron Emission Tomography
19. Radiation Therapy/Linear Accelerator
20. Rehabilitation Services
21. Swing Beds

**Response:**

**Blount Memorial has provided MRI services at its Springbrook location since 2005. We are not seeking an additional MRI, rather we are proposing to trade in the existing MRI and upgrade the MRI to a 3T, wide bore MRI and move it 1.6 miles to an existing site along with other diagnostic equipment located at 266 Joule Street, Alcoa, TN 37701. The 3-T system provides the latest technology available, and increases the bore size from 60 cm to 70 cm, and the table capacity from 350 pounds to 500 pounds. Additionally, the new design of the**

scanner includes lighting within the bore and a patient cooling system that will contribute to patient comfort. Blount Memorial Hospital is a Center of Excellence in Bariatric Service and we find that we are sending approximately seven patients away per month because of the weight limit of the existing MRI equipment. In addition, the large bore MRI will assist with patients who experience claustrophobia. While a large percent of these patients are successfully pre-medicated, we send approximately eight patients per month to other sites due to claustrophobia. Given the age of the existing MRI and the advantages of the 3-T for our patient population, it was reasonable to replace the existing equipment as part of the move.

By moving the equipment, the MRI will be located with other diagnostic equipment (CT, Ultrasound, Nuclear Medicine and X-ray) and avoid duplication of equipment at sites that are 1.6 miles apart. While existing staff will be utilized, we can also decrease our FTE's by 3.0 positions due to consolidation, and reduce duplicate supply expense and service expense.

The volume of MRI cases at the Springbrook site was 2,370 in 2011, and 2,493 in 2012.

- D. Describe the need to change location or replace an existing facility.

**Response:**

As indicated above, by moving the MRI to the East TN Medical Group location we can combine it with other existing diagnostic equipment at that location and avoid duplication of outpatient diagnostic services. Since the existing Springbrook location is only 1.6 miles away from the proposed site, we do not anticipate any inconvenience for patients, and allows the hospital to save manpower, supply cost and service contract cost. The estimated savings in the first year after the move is \$375,421 in operational costs and \$212,450 in year two after implementation. The breakdown in savings is as follows:

<u>Year 1:</u>	<u>Cost Savings</u>
Elimination of service contract and	
After hours service/supplies	\$ 260,605
Staff savings	<u>\$ 114,816</u>
<b>TOTAL</b>	<b>\$ 375,421</b>
 <u>Year 2:</u>	 <u>Cost Savings</u>
Elimination of after hours/supplies	\$ 97,634
Staff savings	<u>\$ 114,816</u>
<b>TOTAL</b>	<b>\$ 212,450</b>

- E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of

\$1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:

1. For fixed-site major medical equipment (not replacing existing equipment):
  - a. Describe the new equipment, including:
    1. Total cost; (as defined by Agency Rule)
    2. Expected useful life;
    3. List of clinical applications to be provided; and
    4. Documentation of FDA approval.
  - b. Provide current and proposed schedules of operations.
2. For mobile major medical equipment:
  - a. List all sites that will be served;
  - b. Provide current and/or proposed schedule of operations;
  - c. Provide the lease or contract cost;
  - d. Provide the fair market value of the equipment; and
  - e. List the owner for the equipment.
3. Indicate applicant's legal interest in equipment (i.e., purchase, lease, etc.). In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

**Response:**

**Blount Memorial Hospital is proposing to replace its existing 1.5T MRI with bore size of 60 cm, weight limit of 350 pounds and technology level of 2004 with a 3-T MRI with 70 cm bore size, weight capacity of 500 pounds and offering the state-of-the art technology in MRI services. We would expect to have a minimum of eight years expected useful life of the 3-T MRI. We expect to provide the same scope of MRI services with the new 3-T, but with improved advantages including (1) higher**

field strength and improved image quality; (2) faster scan times, hence probability of less patient motion hence contributing to better quality exams; (3) decrease use of IV contrast and thus less chance for patient allergic reactions, and (4) less referrals to Knoxville to obtain use of a 3-T wide bore MRI.

The total cost of replacing the existing MRI and moving it to the Joule Street location is estimated to be \$2,209,245. The cost breakdown is as follows:

<u>Item</u>	<u>Cost</u>
Replacement MRI	\$1,747,195
Remove & trade-in Existing MRI	
From Springbrook location	\$ 42,000
Architect/Engineering fee	\$ 32,000
Construction at new MRI site	\$ 347,000
Contingency for construction	\$ 35,000
Vibration testing at new site	\$ 6,050
<b>TOTAL</b>	<b>\$2,209,245</b>

A quote for the MRI equipment is provided in Appendix B – E – 3 (a),

The equipment will be owned and operated by Blount Memorial Hospital, Incorporated.

III. A. Attach a copy of the plot plan of the site on an 8 ½" x 11" sheet of white paper which must include:

1. Size of site (in acres);
2. Location of structure on the site; and
3. Location of the proposed construction;
4. Names of streets, roads or highways that cross or border the site.

**Response:**

Appendix B-III-A shows the outline of the proposed new site for the re-located MRI, including the specific space that will be renovating to accommodate the re-located MRI. The site of Blount Memorial's ETMG site is 7.471 acres.

B. 1. Describe the relationship of the site to public transportation routes,

if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

**Response:**

The proposed site, located at 266 Joules Street, Alcoa, TN is perpendicular to Hall Road, a major road way leading north to Highway 129 (dba Alcoa Highway) and to Washington Street to the south that runs into Highway 321, a major road running primarily east-west in Blount County. Highway 321 also connects to another major roadway, Highway 411.

- IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 ½" x 11" sheet of white paper.

Note: **DO NOT SUBMIT BLUEPRINTS.** Simple line drawings should be submitted and need not be drawn to scale.

**Response:**

**Appendix B-IV contains the floor plan showing the location of the re-located MRI relative to the entire building.**

- V. For a Home Health Agency or Hospice, identify:

1. Existing service area by County;
2. Proposed service area by County;
3. A parent or primary service provider;
4. Existing branches; and
5. Proposed branches.

**Response:**

**Not Applicable.**

**SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED**

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly

development of health care.” The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated § 68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. **Please type each question and its response on an 8 ½” x 11” white paper.** All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate “Not Applicable (NA).”

## **QUESTIONS**

### **NEED**

1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee’s Health: Guidelines for Growth.
  - a. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criterion and Standards (pages 6-9) here.

#### **Response:**

**Blount Memorial Hospital is NOT proposing to add an MRI, rather we are proposing to upgrade an existing MRI and re-locate it 1.6 miles away to achieve operational efficiencies. By re-locating it, we will eliminate otherwise duplicative outpatient diagnostic centers and centralizing these services, with the re-location of the MRI at one site with other diagnostic capability.**

**Blount Memorial’s primary service area is Blount County, but we also serve patients residing in Loudon, Monroe, McMinn, and Sevier Counties.**

**The following chart contains the estimated census data for Blount Memorial Hospital’s Service Area:**

#### **TOTAL CURRENT & PROJECTED POPULATION**

<b>County</b>	<b>2007</b>	<b>2010</b>	<b>2015</b>
<b>Blount</b>	<b>114,523</b>	<b>123,692</b>	<b>130,143</b>
<b>Loudon</b>	<b>44,074</b>	<b>46,504</b>	<b>48,679</b>

Monroe	42,705	46,499	49,328
McMinn	52,064	53,914	56,094
Sevier	79,939	86,655	92,702

Source: Division of Health Statistics, Office of Policy Planning & Assessment, TN Department of Health - 2008

We expect to continue to serve the same population base at the proposed re-located site and wouldn't expect it to present a burden as the site is 1.6 miles from the MRI's existing location.

The current MRI meets the minimum standard of 2,200 MRI procedures per year. The MRI procedures for Fiscal Years ending June 30 at the existing Springbrook site is as follows:

#### Outpatient MRI procedures

<u>2011</u>	<u>2012</u>
2370	2493

Other MRI's in our service area include the MRI (stationary) located at Blount Memorial Hospital and a limited MRI that is utilized for extremities located at Ortho Tennessee Imaging, dba Maryville Orthopedic. MRI procedures at these facilities were 5551, and 932, respectively for 2011.

The Food and Drug Administration has approved the 3.0T whole body MRI for the entire body, including, but not limited to head, neck, TMJ, spine, breast, heart, abdomen, pelvis, joints, prostate, blood vessels, and musculoskeletal regions of the body. Refer to Appendix C- 1-a for correspondence from the FDA.

The proposed new location for the MRI will continue to meet all licensure, Joint Commission requirements. Refer to Appendix C-1- a (1) for a copy of current licensure and Joint Commission accreditation.

The hours of operation at the re-located site will continue to be 8:00 am until 5:00 pm, but the staff will remain until the last MRI is provided. If we find that we can not meet demand during these hours, we will expand our hours of operation. Should there be an emergency situation necessitating off-hours MRI service, the patient would be referred to the hospital-based MRI, which is available as needed 24 hours/7 days a week. Blount Memorial Hospital has a case management staff that works with physician offices to pre-certify MRI requests to assure procedures performed are medically

necessary. Both the hospital and the Radiologists that read the MRI would not be paid if the tests were deemed medically unnecessary. Blount Memorial Hospital utilizes LeConte Radiology exclusively to interpret our radiological procedures. In order to meet criteria to be a member of our medical staff, they must be Board Certified. The hospital's credentialing process meets Joint Commission criteria. Our Radiologists include:

Dr. Kristen Carver  
Dr. Daniel Cotton  
Dr. James Cox, Jr.  
Dr. Daniel Dovgan  
Dr. Craig Miller, Jr.  
Dr. John Neithammer  
Dr. Kevin Sentell  
Dr. Fred Tolhurst

Projected volume of MRI procedures for two years following the re-location and upgrade of the MRI is as follows:

<u>Year 1</u>	<u>Year 1</u>
2543	2594

- b. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4) (a-c).

**Response: Not applicable**

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

**Response:**

As part of our strategic plans, it was our intention to form a relationship with East TN Medical Group. Now that it is established, we can eliminate duplicative diagnostic services by combining those services at the East TN Medical Group site.

3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. **Please submit the map on 8 ½ " x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).**

**Response:**

Refer to Appendix C – 3 which contains a map of Tennessee and a local map showing the location of the re-located MRI.

The new location is 1.6 miles from the existing MRI site and is located in Blount County, which is our primary service area. Given its proximity to Highways 129, 321 and 411 it is a convenient site for patients to access the service.

4. A. Describe the demographics of the population to be served by this proposal.

**Response:**

As indicated above in response C-1 a, the hospital's primary service area is Blount County, but we also serve residents who reside in Loudon, Monroe, Sevier, and McMinn Counties. Blount County's population is expected to grow by 5.2% from 2010 to 2015. During that same time period, Sevier County population is expected to grow 6.8%, followed by Monroe at 6.1%, Loudon at 4.7% and McMinn at 4.0 %. The 65 + population are expected to grow in all counties except Sevier which shows a 14.3 % decline. In Blount County, the Black population represents 2.9% of the total population and 'other' represents 1.4%. The Black population in Sevier is .6%, 2.1% in Monroe, 1.1% in Loudon, and 4.6% in McMinn County, while 'other' represents 1.1%, .9%, .7%, and 1.3% respectively.

**Health Rankings**

In the *County Health Rankings & Roadmaps* prepared by the University of Wisconsin's Population Health Institute and a grant from the Robert Wood Johnson Foundation, counties across our nation were ranked according to their summary measures of health outcomes and health factors. Health Factors took into account education levels, employment, income, and a variety of other environmental factors. Health Outcomes took into account tobacco use, obesity, alcohol use, access to care, quality of care and other health behaviors and is said to represent how healthy a county is while the health factors represent what influences the 'health' of a community. Counties with a higher rank (meaning #1 would be the 'best') are estimated to be the 'healthiest'. Based on the weighted summary of Health Outcomes, Blount County was ranked 4<sup>th</sup> in the State, followed by Loudon at 16<sup>th</sup>, Sevier at 28<sup>th</sup>, Monroe at 36<sup>th</sup>, and McMinn at 55<sup>th</sup> out of 90 rankings. According to the CDC, there has been a dramatic increase in obesity in the US from 1990 through 2010. Obesity related conditions include heart disease, stroke, type 2 diabetes and certain types of cancer. No State met the nation's *Health People 2010* goal to lower obesity prevalence to 15%. According to the 2011 data (which is measured differently than past

measures of obesity), Tennessee's prevalence of obesity was 29.2%, with Colorado's prevalence the lowest at 20.7% and Mississippi at the highest prevalence at 34.9%. Blount Memorial has initiated several quality initiatives with our medical staff to address these issues including Stemi-Team alert which activates our staff to provide interventional cardiology within a 15 minute time frame upon arrival in the Emergency Room, Joint Commission accredited Stroke Center of Excellence, diabetes education program, Bariatric Center of Excellence and a variety of other efforts. Blount Memorial Hospital has also had in place a Community Health Initiative in Blount County since 1995 that has served to address the health factors affecting our county including drug and alcohol abuse and prevention, mental health and suicide prevention, a program aimed at reducing childhood and family obesity, a task force to address domestic violence and an environmental health action team.

- B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

**Response:**

As indicated previously, Blount Memorial Hospital participates in all of the TennCare MCO plans available in our service area and serves the TennCare population include dual eligibles. LeConte Radiology physicians, who will be reading the MRI's, also participate in the TennCare plans. Last year, Blount Memorial provided over \$36 million in charity care and intends to continue this provision of service.

5. Describe the existing or certified services, including approved but unimplemented CON's, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

**Response:**

We are not aware of any approved but unimplemented CON for the implementation of a new or replacement MRI in our service area. The existing MRI's in Blount County include the following and the latest reported data shows the following:

<u>2009</u>	
<u>Provider</u>	<u>Total Procedures</u>
Blount Memorial Hospital	5467
Blount Memorial Springbrook	2431
Ortho TN/Maryville Ortho	776

<u>2010</u>	
<u>Provider</u>	<u>Total Procedures</u>
Blount Memorial Hospital	5387
Blount Memorial Springbrook	2385
Ortho TN/Maryville Ortho	835

<u>2011</u>	
<u>Provider</u>	<u>Total Procedures</u>
Blount Memorial Hospital	5551
Blount Memorial Springbrook	2370
Ortho TN/Maryville Ortho	932

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

**Response:**

The volume at our existing Springbrook location for 2009, 2010, 2011, and 2012 is 2431, 2385, 2370, and 2493 respectively. Given that we are simply upgrading and re-locating an existing MRI and it is not a new service, we expect referrals from our medical staff to continue to generate similar volumes. Projected utilization of the re-located MRI for two years following completion of the move is 2543 MRI procedures in Year 1 and 2594 procedures in Year 2.

## **ECONOMIC FEASIBILITY**

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.
  - All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)

- The cost of any lease should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater.
- The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
- For projects that include new construction, modification, and/or renovation; **documentation must be** provided from a contractor and/or architect that support the estimated construction costs.

**Response:**

**The Project Cost Chart is complete and provided as part of the Certificate of Need Application on the next page. Appendix II (1) – Cost Estimates**

## PROJECT COSTS CHART

2013 MAY 7 PM 9 05

A. Construction and equipment acquired by purchase:		
1.	Architectural and Engineering Fees	\$ 32,000.
2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	
3.	Acquisition of Site	
4.	Preparation of Site	
5.	Construction Costs	\$ 347,000.
6.	Contingency Fund	\$ 35,000.
7.	Fixed Equipment (Not included in Construction Contract)	
8.	Moveable Equipment (List all equipment over \$50,000)	
9.	Other (Specify) Removal of old MRI & Vibration testing	\$ 48,050.
B. Acquisition by gift, donation, or lease:		
1.	Facility (inclusive of building and land)	
2.	Building only	
3.	Land only	
4.	Equipment (Specify) Replacement MRI	\$ 1,747,195.
5.	Other (Specify)	
C. Financing Costs and Fees:		
1.	Interim Financing	
2.	Underwriting Costs	
3.	Reserve for One Year's Debt Service	
4.	Other (Specify)	
D.	Estimated Project Cost (A+B+C)	\$ 2,209,245
E.	CON Filing Fee	\$ 4,971.00
F.	Total Estimated Project Cost (D+E)	\$ 2,214,216.
TOTAL		\$ 2,214,216.

2. Identify the funding sources for this project.

a. Please check the applicable item(s) below and briefly summarize how the project will be financed. **(Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility – 2.)**

A. Commercial loan – Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;

B. Tax-exempt bonds – Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;

C. General obligation bonds – Copy of resolution from issuing authority or minutes from the appropriate meeting.

D. Grants – Notification of intent form for grant application or notice of grant award; or

**X E. Cash Reserves – Appropriate documentation from Chief Financial Officer.**

F. Other – Identify and document funding from all other sources

**Response:**

**We will utilize cash reserves. Please refer to the confirmation letter from our CFO in Appendix C (2) a.**

3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

**Response:**

**The cost per square foot for just the construction is \$393. If we include the architectural and engineering fees estimated to be \$32,000 and construction contingencies, the cost per square foot is \$899. In checking the Agency's Communique over the past four months, there isn't a similar project on the Agenda that was approved by the Agency to provide comparative cost figures.**

4. Complete Historical and Projected Data Charts on the following two pages – **Do not modify the Charts provided or submit Chart substitutions!** Historical Data Chart represents revenue and expense information for the last three (3) years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the **Proposal Only** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

**Response:**

The Historical Chart is provided on the next page as part of the Certificate of Need application.

## HISTORICAL DATA CHART

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in July 1 (Month). 9 05

2013 FRY

	Year 2010	Year 2011	Year 2012
A. Utilization Data (Specify unit of measure)	2385	2370	2493
B. Revenue from Services to Patients			
1. Inpatient Services	\$	\$	\$
2. Outpatient Services	\$ 6,198,868	\$ 6,401,918	\$ 6,987,879
3. Emergency Services			
4. Other Operating Revenue (Specify) _____			
<b>Gross Operating Revenue</b>	<b>\$ 6,198,868</b>	<b>\$ 6,401,918</b>	<b>\$ 6,987,879</b>
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$ 3,891,339	\$ 4,197,418	\$ 4,744,071
2. Provision for Charity Care	\$ 292,897	\$ 315,935	\$ 357,081
3. Provisions for Bad Debt	Included in C 1	Included in C1	Included in C1
<b>Total Deductions</b>	<b>\$ 4,184,236</b>	<b>\$ 4,513,352</b>	<b>\$ 5,101,152</b>
<b>NET OPERATING REVENUE</b>	<b>\$ 2,014,632</b>	<b>\$ 1,888,566</b>	<b>\$ 1,886,727</b>
D. Operating Expenses			
1. Salaries and Wages	\$ 105,057	\$ 107,210	\$ 109,397
2. Physician's Salaries and Wages			
3. Supplies	\$ 130,267	\$ 136,090	\$ 150,580
4. Taxes			
5. Depreciation	\$ 320,000		
6. Rent			
7. Interest, other than Capital			
8. Other Expenses (Specify) <u>Maintenance contract</u>	\$ 170,000	\$ 170,000	\$ 170,000
<b>Total Operating Expenses</b>	<b>\$ 725,324</b>	<b>\$ 413,300</b>	<b>\$ 429,977</b>
E. Other Revenue (Expenses) – Net (Specify)	\$	\$	\$
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ 1,289,308</b>	<b>\$ 1,475,266</b>	<b>\$ 1,456,751</b>
F. Capital Expenditures			
1. Retirement of Principal	\$	\$	\$
2. Interest			
<b>Total Capital Expenditures</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES</b>	<b>\$ 1,289,308</b>	<b>\$ 1,475,266</b>	<b>\$ 1,456,751</b>

## PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in July 1 (Month).

2013 MAY 7 AM 9 05

	Year <u>One</u>	Year <u>Two</u>
A. Utilization Data (Specify unit of measure)	2543	2594
B. Revenue from Services to Patients		
1. Inpatient Services	\$	\$
2. Outpatient Services	\$ 7,679,860	\$ 8,132,190
3. Emergency Services		
4. Other Operating Revenue (Specify)		
<b>Gross Operating Revenue</b>	<b>\$ 7,679,860</b>	<b>\$ 8,132,190</b>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$ 5,356,702	\$ 5,899,091
2. Provision for Charity Care	\$ 403,193	\$ 444,018
3. Provisions for Bad Debt	Included in # 1	Included in # 1
<b>Total Deductions</b>	<b>\$ 5,759,895</b>	<b>\$ 6,343,108</b>
<b>NET OPERATING REVENUE</b>	<b>\$ 1,919,965</b>	<b>\$ 1,789,082</b>
D. Operating Expenses		
1. Salaries and Wages	\$ 112,679	\$ 116,059
2. Physician's Salaries and Wages		
3. Supplies	\$ 168,838	\$ 181,024
4. Taxes		
5. Depreciation	\$ 349,439	\$ 349,439
6. Rent		
7. Interest, other than Capital		
8. Other Expenses (Specify) <u>Service Contract for new MRI</u>		\$ 157,720
<b>Total Operating Expenses</b>	<b>\$ 630,956</b>	<b>\$ 804,242</b>
E. Other Revenue (Expenses) -- Net (Specify)		
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ 1,289,009</b>	<b>\$ 984,840</b>
F. Capital Expenditures		
1. Retirement of Principal		
2. Interest	\$ 95,176	\$ 80,875
<b>Total Capital Expenditures</b>	<b>\$ 95,176</b>	<b>\$ 80,875</b>
<b>NET OPERATING INCOME (LOSS)</b>		
<b>LESS CAPITAL EXPENDITURES</b>	<b>\$ 1,193,833</b>	<b>\$ 903,965</b>

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

**Response:**

MRI charges have increased in the range of 3.7% to 3.9% from 2010 to 2012 . The average gross charge per procedure in the first year of operation with the new, re-located MRI is \$3,020, and \$3,135 in Year two. The total deductions from revenue in the project's first and second year are 75% and 78% off Gross revenue respectively. Net income in each year is projected to be \$1,289,009 in Year One and \$ 984,840 in Year Two. The average gross charge, deduction from revenue and average net revenue in the Projected Years is as follows:

	Year 1	Year 2
Ave. Gross Charge	\$ 3,020	\$ 3,135
Ave. Deduction from Rev.	\$ 2,265	\$ 2,445
Ave. Net Charge	\$ 755	\$ 690

6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

**Response:**

Historical average gross charge per outpatient MRI procedure in years 2010, 2011 and 2012 have been \$ 2,599, \$ 2,701, and \$2,803 respectively. Charges increased between 3.7% and 3.9% over this time period. The first full year of operation under the new, re-located MRI will begin in the next fiscal year and charges are expected to grow at the same rate until that time resulting in an average gross charge of \$3,020 in Year One and \$ 3,135 in Year Two. Given Medicare cuts, no foreseeable increases in TennCare rates and the uncertainty of the new exchanges, we foresee continued increases in our deductions from revenue and that is reflected in the projected figures.

- B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

**Response:**

Comparative Hospital based MRI's based on the latest reporting data to the State in 2011 shows the following:

<b>Facility</b>	<b>Average 2011 Charge</b>
<b>Ft. Sanders Regional Med. Center</b>	<b>\$ 1,882</b>
<b>Ft. Sanders West Center</b>	<b>\$ 1,930</b>
<b>Physicians Regional Center</b>	<b>\$ 3,041</b>
<b>University of TN Med. Center</b>	<b>\$ 3,316</b>
<b>Turkey Creek Med. Center</b>	<b>\$ 3,284</b>
<b>Blount Memorial Springbrook</b>	<b>\$ 2,370</b>

The five other hospital-based facilities average charge in 2011 was \$ 2,691 compared to Blount Memorial average charge of \$2,370 for that same time period. Based on the available historical data, the area hospital increases have ranged from 1.3% increase to a 21% increase. Blount Memorial's average increase was 3.8% comparatively. We are showing the same increases in the projected years, but there is no way to speculate what other facilities will do with their charges in the future.

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

**Response:**

As indicated, combining our diagnostic services will achieve a level of improved operational efficiency. The projected statements for the MRI re-located service show a positive net income.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

**Response:**

The projected Income statements show net income of \$1,289,009 in Year One and \$984,840 in Year Two.

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

**Response:**

Blount Memorial Hospital participates in Medicare, Medicare Advantage, and TennCare programs available in this area and provides charity care. Based on recent utilization figures for our outpatient service, 47% was private pay insurance, 34% was

**Medicare/Medicare Advantage, 12% was TennCare and the remaining 7% was charity care.**

10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alphanumeric order and labeled as Attachment C, Economic Feasibility-10.

**Response:**

**Refer to Appendix C-10 for copies of the audited financial statements for the past two years.**

11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:
- A. A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.

**Response:**

**As alternative to upgrading and re-locating the MRI from Springbrook to ETMG, the following options were considered:**

- (1) **Keep the MRI and other diagnostic equipment at Springbrook and simply upgrade the existing MRI at Springbrook. The cost of the upgrade is \$700,000, and wouldn't provide the increase in bore size or the increase in table weight capacity along with the other advantages of the latest technology. In addition, we would still be operating two diagnostic services 1.6 miles apart and not achieve the operational savings.**
- (2) **Upgrade the current MRI and move it to ETMG location. Again the cost would be \$700,000 for the upgrade and still not have the increase in bore size or the increase in table weight along with the other advantages of this latest technology. In addition, we would have to rent a mobile MRI during downtime for a minimum of \$65,000.**

**Given the age of the existing MRI, its limitations, the advantages of the 3-T MRI, and the desire to achieve operational efficiencies, upgrading and re-locating the MRI was the better choice.**

- B. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

**Response:**  
**Not applicable.**

**(III.) CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE**

1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.

**Response:**  
**Blount Memorial Hospital has transfer agreements with the following organizations:**

**Maryville healthcare & Rehab Center  
Asbury Acres Health Center  
Chattanooga Hamilton County Hospital  
East TN Children's Hospital  
Erlanger Medical Center  
Fair Park Health Care Center  
Park West medical Center  
Penninsula Psychiatric Center  
Wellington Place  
Maryville Surgery Center  
Athens Regional Medical Center  
Colonial Hills Nursing Center  
Fort Sanders Regional Medical Center  
LeConte Center  
Tennessee Endoscopy Center  
Vanderbilt University  
Thompson Cancer Survival Center  
Brakebill Nursing Home  
Cornerstone Recovery  
University of TN Medical Center  
East Tennessee Health Care**

2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will

have on the utilization rates of existing providers in the service area of the project.

**Response:**

**Given that this is simply a replacement of an existing MRI and re-location 1.6 miles away, we perceive no impact on the existing health care system.**

3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor and Workforce Development and/or other documented sources.

**Response:**

**The staffing needs of the MRI at the re-location would include a full-time MRI Technologist, and the sharing of other staff who would also help with other diagnostic services at the new location. This includes:**

<u>Position</u>	<u>FTE</u>	<u>Blount Memorial Hourly Rate</u>	<u>Comparative Rate*</u>
MRI Technologist	1.0	\$27.37	\$ 25.87
Technologist Aide	.5	\$14.10	\$ 13.71
Patient Access Assoc.	.5	\$10.56	\$ 11.48

**\* Source: TN Society of Healthcare Human Resource Association – Median/Midpoint comparison**

4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

**Response:**

**We are fortunate to already have the staff in place who are needed for the project.**

5. Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review policies and programs, record keeping and staff education.

The Hospital is Joint Commission certified which means that we meet the criteria for hospital staff requirements and the credentialing and privileging of the medical staff, including meeting quality improvement efforts, utilization review efforts, medical record requirements, staff continuing education requirements and the many other Joint Commission standards and regulations. Additionally, the Hospital is licensed by the State of Tennessee in all areas that require licensure.

6. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

**Response:**

Blount Memorial Hospital participates with the nursing programs at Lincoln Memorial, the University of TN and Pellissippi State through on-site clinical nursing rotations. Additionally, we have students who are on-site from Lincoln Memorial's Osteopathic School of Medicine, and medical students from the University Of TN who rotate through our psychiatric program.

7. (a) Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.

**Response:**

Blount Memorial Hospital has been in operation for just over 65 years and maintains licensure in all applicable areas.

- (b) Provide the name of the entity form which the applicant has received or will receive licensure, certification, and/or accreditation.

**Licensure: Board for Licensing of HealthCare Facilities  
Department of Health**

**Accreditation: The Joint Commission & Joint Commission  
Certificate of Distinction for Stroke**

- (c) If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.

**Response:**

**Refer to Appendix III (7) b for a copy of the Hospital's license and Joint Commission Accreditation.**

- (c) For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.

**Response:**

**A copy of the latest inspection by the State is enclosed in Appendix III (7) c.**

9. Document and explain any final orders or judgements entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for license regardless of whether such license is currently held.

**Response:**

**Not Applicable**

10. Identify and explain any final civil or criminal judgements for fraud or theft against any person or entity with more than a 5% ownership interest in the project.

**Response:**

**Not applicable.**

11. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

**Response:**

**Blount Memorial participates in all State reporting including submitting our annual MRI volume and associated revenue and will continue with this effort.**

## PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

## DEVELOPMENT SCHEDULE

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the "good cause" for such an extension.

Form HF0004  
Revised 02/01/06  
Previous Forms are obsolete

**\$199,900 MLS # 827595**

**S SALE** WHEREAS, default has occurred, terms and conditions of a Deed of CINDY J DEAL, conveying certain real M. WILSON JR, as Trustee, as same of Blount County, Tennessee record-Page 1592-1603; and WHEREAS, the was last transferred and assigned to the owner of said debt; and WHEREAS, red pursuant to T.C.A. § 35-5-117, was y; and WHEREAS, the undersigned, Rubinted as Substitute Trustee by instrur's Office of Blount County, Tennessee, given that the entire indebtedness has hat the undersigned, Rubin Lublin TN, appointed agent, by virtue of the power, d upon said Substitute Trustee will, on INT County Courthouse door where the at the BLOUNT Courthouse, located in t public cutury to the highest and best, the following described property situat- wit: SITUATE IN DISTRICT NO. 8 OF D BEING KNOWN AND DESIGNATED ER MACK BLAIR SUBDIVISION, AS ALL PLAT BOOK 6, PAGE 835, IN THE COUNTY, TENNESSEE, TO WHICH IEBY MADE FOR A MORE PARTICU- CONVEYANCE IS MADE SUBJECT TO MENTS, ETC. OF RECORD IN SMALL RANTY DEED BOOK 674, PAGE 534 IN UNT COUNTY, TENNESSEE, BEING TO CINDY J. DEAL, UNMARRIED BY , 2005 AND OF RECORD IN RECORD REGISTER'S OFFICE FOR BLOUNT OUNDARY SURVEY WAS MADE AT 0801 A 002.00 PROPERTY ADDRESS: elieved to be 2823 MONTVALE ROAD, of any discrepancy between this street the property, the legal description shall Y J DEAL OTHER INTERESTED PAR- d property shall be subject to all matters d taxes; any restrictive covenants, ease- applicable; any prior liens or encum- by a fixture filing; and to any matter that ight disclose. This property is being sold subject to confirmation by the lender or rescinded at any time. The right is re- to another day, time, and place certain uncement at the time and place for the ity of redemption, statutory or otherwise, waived in said Deed of Trust, and the title gned will sell and convey only as Substi- is, where is, without representations or ss for a particular use or purpose. THIS ECT A DEBT. ANY INFORMATION OB- PURPOSE. Rubin Lublin TN, PLLC, Sub- ite 500 Memphis, TN 38103 www.rubin- 177) 813-0992 Fax: (404) 601-5846 Ad 3-05-10

**NOTIFICATION OF INTENT TO APPLY FOR A  
CERTIFICATE OF NEED**

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that: Blount Memorial Hospital, Incorporated, Hospital owned by Blount Memorial Hospital, Incorporated with an ownership type of not-for-profit corporation and to be managed by Blount Memorial Hospital intends to file an application for a Certificate of Need for: Blount Memorial Hospital is seeking approval to upgrade its existing MRI that serves outpatients and relocate it from Blount Memorial's Springbrook Health Center located at 220 Associates Blvd., Alcoa, TN, to Blount Memorial's East TN Medical Group site located at 266 Joubert Street, Alcoa, TN, 37701, which is 1.6 miles from its existing site. The existing MRI will be replaced with a 3-T system that provides the latest technology available, and provides an increase in the bore size from 60 cm, to 70 cm and increase the table weight capability from 350 pounds to 500 pounds. Moving the MRI to Blount Memorial's East TN Medical Group location we achieve greater efficiency in operation by combining it with other diagnostic equipment located at the site. The total cost of the project, including removal of the existing MRI, the purchase price of the new MRI, and renovation at the new Blount Memorial East TN Medical Group site to accommodate the new MRI is expected to be \$2,214,216.

The anticipated date of filing the application is Wednesday, May 8, 2013. The contact person for this project is Jane Nelson, Assistant Administrator, who may be reached at Blount Memorial Hospital, 907 E. Lamar Alexander Parkway, Maryville, TN 37804, 865-981-2310.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency  
The Frost Building, Third Floor  
161 Rosa L. Parks Boulevard  
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

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collecting  
cash!**



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champions shareholder values and advocates  
tirelessly for the individual investor.  
They hope you'll laugh all the way to the bank.

# PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision date, as published in T.C.A. § 68-11-1609(c): August, 2013

Assuming the CON approval becomes the final agency action on that date; <sup>2013 MAY 7 AM 9 05</sup> indicate the number of days from the above agency decision date to each phase of the completion forecast.

<u>Phase</u>	<u>DAYS REQUIRED</u>	<u>Anticipated Date (MONTH/YEAR)</u>
1. <u>Architectural and engineering contract signed</u>	<span style="border: 1px solid black; padding: 2px;">complete</span>	<span style="border: 1px solid black; padding: 2px;"></span>
2. <u>Construction documents approved by the Tennessee Department of Health</u>	<span style="border: 1px solid black; padding: 2px;">30</span>	<span style="border: 1px solid black; padding: 2px;"></span>
3. <u>Construction contract signed</u>	<span style="border: 1px solid black; padding: 2px;">20</span>	<span style="border: 1px solid black; padding: 2px;"></span>
4. <u>Building permit secured</u>	<span style="border: 1px solid black; padding: 2px;">10</span>	<span style="border: 1px solid black; padding: 2px;"></span>
5. <u>Site preparation completed</u>	<span style="border: 1px solid black; padding: 2px;"></span>	<span style="border: 1px solid black; padding: 2px;"></span>
6. <u>Building construction commenced</u>	<span style="border: 1px solid black; padding: 2px;"></span>	<span style="border: 1px solid black; padding: 2px;">Mid-Dec.2013</span>
7. <u>Construction 40% complete</u>	<span style="border: 1px solid black; padding: 2px;"></span>	<span style="border: 1px solid black; padding: 2px;">March 1, 2014</span>
8. <u>Construction 80% complete</u>	<span style="border: 1px solid black; padding: 2px;"></span>	<span style="border: 1px solid black; padding: 2px;">April 15, 2014</span>
9. <u>Construction 100% complete (approved for occupancy)</u>	<span style="border: 1px solid black; padding: 2px;"></span>	<span style="border: 1px solid black; padding: 2px;">May 31, 2014</span>
10. <u>*Issuance of license</u>	<span style="border: 1px solid black; padding: 2px;"></span>	<span style="border: 1px solid black; padding: 2px;"></span>
11. <u>*Initiation of service</u>	<span style="border: 1px solid black; padding: 2px;"></span>	<span style="border: 1px solid black; padding: 2px;">June 2, 2014</span>
12. <u>Final Architectural Certification of Payment</u>	<span style="border: 1px solid black; padding: 2px;"></span>	<span style="border: 1px solid black; padding: 2px;"></span>
13. <u>Final Project Report Form (HF0055)</u>	<span style="border: 1px solid black; padding: 2px;"></span>	<span style="border: 1px solid black; padding: 2px;">June 30, 2014</span>

\* For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

**AFFIDAVIT**

STATE OF Tennessee

COUNTY OF Blount

2013 MAY 7 AM 9 05

Jane T. H. Nelson

being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

Jane T. H. Nelson, Assistant Administrator  
SIGNATURE/TITLE

Sworn to and subscribed before me this 3rd day of May 2013 a Notary  
(Month) (Year)

Public in and for the County/State of Blount



Connie W. Huffman  
NOTARY PUBLIC

My commission expires 8/25 2015  
(Month/Day) (Year)

# APPENDICES

**APPENDIX A-3**  
**CHARTER OF INCORPORATION FOR BLOUNT MEMORIAL**

# CHARTER and APPOINTMENTS

STATE OF TENNESSEE

DEPARTMENT OF STATE

I, JOE C. CARR, Secretary of State of the state of Tennessee, do hereby certify that the annexed Instrument with Certificate of Acknowledgment was filed in my office and recorded on the 22nd day of January 1946 in Corporation Record Book miscellaneous A-3 page 358.

In testimony whereof, I have hereunto subscribed my Official signature and by order of the Governor affixed the Great Seal of the State of Tennessee at the Department in the city of Nashville, this 22nd day of January A.D. 1946.

Joe C. Carr

Secretary of State

~~STATE OF TENNESSEE~~

CHARTER OF INCORPORATION

BE IT KNOWN, That we, George D. Roberts, A. D. Huddleston, J. C. Gamble, O. W. Brumfield, V. J. Hultquist, James W. King, J. T. Trotter, E. C. Brown and Homer A. Goddard, are hereby constituted a body politic under the name and style of

BLOUNT MEMORIAL HOSPITAL, INCORPORATED.

the principal office of which shall be in Blount County, Tennessee, for the purpose of leasing, operating and/or maintaining a general non-profit hospital to be operated in Blount County, Tennessee.

The general powers of said corporation shall be, to sue and be sued by the corporate name; to have and use a common seal, which it may alter at pleasure; if no common seal, then the signature of the name of the corporation by any duly authorized officers shall be legal and binding; to purchase and hold or receive by gift, bequest or devise, personal property and real estate, and also to accept any real estate or personal property in payment or in part payment of any debt due to the corporation, and sell the same; to establish bylaws, and make all rules and regulations not inconsistent with the laws and Constitution deemed expedient for the management of corporate affairs, and to select such subordinate officers and agents in addition to a President, Vice President and Secretary and/or Treasurer, as the business of the corporation may require, designate the name of the office and fix the compensation of such officers and agents.

The first Board of Directors of said Corporation shall be composed of the nine incorporators in this Charter, but who will within a reasonable time after the granting and recording of this Charter meet for the purpose of organization.

The first permanent Board of Directors shall be selected within ninety days after the granting of the Charter, and shall be composed of nine (9) members, who shall have been residents of Blount County, Tennessee for at least three years next before their election, and who shall be persons of business experience and moral integrity, and who shall be freeholders in Blount County, and which directors shall receive no compensation for their services as such. Four of the members of said first permanent Board of Directors shall be such persons who shall be elected by the Quarterly County Court of Blount County, Tennessee; two of the members thereof shall be such persons as are elected by the Board of Commissioners of the City of Alcoa, and who shall be residents of the City of Alcoa; two of the members thereof shall be such persons as are elected by the Board of Commissioners of the City of Maryville, and who shall be residents of the City of Maryville; and, one of such members shall be such person as is elected by the Board of Directors of Maryville College. The eventual term of the members of said Board of Directors shall be three years, but in order that the terms of said members shall not all expire simultaneously, it is provided hereunder that two of such persons as are elected by the Quarterly County Court, and the one person elected by the Directors of Maryville College shall serve for a term of one year; one of such persons elected by the Quarterly County Court, one of the persons elected by the Board of Commissioners of the City of Alcoa, and one of the persons elected by the Board of Commissioners of the City of Maryville shall serve for a term of two years, and one of the persons elected by the Quarterly County Court, one of the persons elected by the Board of Commissioners of the City of Maryville, and one of the persons elected by the Board of Commissioners of the City of Alcoa shall serve for a term of three years.

At the expiration of the first terms of the first permanent Board of Directors, in the manner hereinabove set out, the members to be selected by the agencies above provided, shall be elected by such respective agencies for a term of three years each. In the event of a vacancy in the Board of Directors such vacancy shall be filled by the agency originally selecting such members.

Evidence of the election of the members by the different agencies as above provided, shall be by certified copy of a minute or resolution of such agencies.

Within a convenient time after the selections of the first permanent Board of Directors, such Board shall meet and elect a President, Vice President, Secretary and/or Treasurer, all of which, except the Secretary and/or Treasurer, shall be members of said Board, and the said Secretary and/or Treasurer may or may not be members of such Board, and shall select such other officers and/or agents as may be provided for by the bylaws adopted by said Board of Directors. In all meetings of said Board a majority of the members shall constitute a quorum for the transaction of business, and the result of any vote shall be determined by the vote of a majority of the votes cast. The regular meetings and special meetings of said Board of Directors shall be held when, and in the manner provided by the bylaws, and the Board of Directors shall keep a record of all its proceedings. The Board of Directors shall not at any time incur any obligations unless the money for such expenditures is either in the treasury or has been bona fide pledged for such purpose. There shall be an annual audit of the books of the corporation by some recognized and competent auditing firm, a copy of which audit shall be furnished to the agencies selecting the Board of Directors.

The general welfare of society, not individual profit, is the object for which this charter is granted, and hence neither the directors nor the agencies selecting them are stockholders in the legal sense of the term, and no dividends or profits shall be divided among them.

This charter may be modified or amended, or the corporation may at any time be voluntarily dissolved upon the affirmative vote of all the governmental agencies selecting the permanent Board of Directors, which vote shall be evidenced by resolution duly adopted by all of such agencies.

A violation of any of the provisions of this charter shall subject the corporation to dissolution at the instance of the State.

The means, assets, income or other property of the corporation shall not be employed directly or indirectly for any other purpose whatever than to accomplish the legitimate objects of its creation, and by no implication shall it possess the power to issue notes or currency, deal in

currency, notes or coin, buy or sell products, or engage in any kind of trading operation.

We, the undersigned, hereby apply to the State of Tennessee by virtue of the laws of the land for a Charter of Incorporation for the purpose and with the powers declared in the foregoing instrument.

This 12th day of January, 1946.

George D. Roberts

A. D. Huddleston

J. C. Gamble

O. W. Bramfield

V. J. Hultquist

James W. King

J. T. Trotter

E. C. Brown

Homer A. Goddard

STATE OF FLORIDA    I  
COUNTY OF MANATEE    I    SS.

Personally appeared before me, the undersigned authority, J. T. Trotter, who acknowledged that he executed the foregoing application for Charter of Incorporation for the purpose therein expressed.

Witness my hand and seal at office in Bradenton, Florida on this the 12th day of January, 1946.

My commission expires:

---

Helen Sherard  
Notary Public

STATE OF TENNESSEE    I  
BLOUNT COUNTY    I    SS.

Personally appeared before me, the undersigned authority, George D. Roberts, A. D. Huddleston, J. C. Gamble, O. W. Drumfield, V. J. Hultquist, James W. King, E. C. Brown and Homer A. Goddard, who acknowledged that they executed the foregoing application for Charter of Incorporation for the purpose therein expressed.

Witness my hand and seal at office in Maryville, Tennessee on this the 21st day of January, 1946.

My commission expires:

---

Billie M. White  
Notary Public

Maryville, Tennessee.  
February 5, 1946.

REGULAR SESSION

The Board of Commissioners of the City of Maryville, Blount County, Tennessee, met in regular session in the city offices in Maryville on February 5, 1946, at 7:00 P. M. o'clock, when the following city officials were present: Commissioners Joe D. Beals, E. C. Brown and Quincy Lane, City Attorney Homer A. Goddard, J. L. Vinyard, Chief S. D. Williams and Recorder J. N. Badgett, Jr.

Others present: Mr. Chastain, Mrs. Lane, and a delegation from the CIO Union, Local 309.

Absent: Mayor A. M. Gamble.

The following proceedings were had and entered of record, to-wit:  
In the absence of Mayor Gamble, Vice Mayor E. C. Brown presided:

.....  
.....

Thereupon the matter of electing two members to the Board of Directors for the Blount Memorial Hospital was presented. After a thorough discussion, it was moved by Commissioner Lane that the City elect Mr. Paul Costner for the three year term, and Mr. Lon A. Badgett for the two year term. The motion was duly seconded by Commissioner Beals, and on roll call those voting aye were Commissioners Joe D. Beals, E. C. Brown and Quincy Lane; those voting nay, none. Thereupon the Vice Mayor declared that said motion had passed.

.....

There being no further business, the Board of Commissioners adjourned to meet at the next regular session, unless sooner convened by the call of the Mayor or as otherwise provided by law.

E. C. Brown  
Vice Mayor.

ATTEST:

J. N. Badgett, Jr.  
Recorder

STATE OF TENNESSEE,

COUNTY OF BLOUNT.

I, J. N. Badgett, Jr., Recorder of the City of Maryville, hereby certify that the foregoing is a true, correct and perfect copy of excerpts of the minutes of the Commission meeting, held February 5, 1946, as the same appears of record in Minute Book No. 9, Page 39.

This 6th day of March, 1946.

J. N. Badgett, Jr.  
Recorder of the City of  
Maryville.

STATE OF TENNESSEE,  
COUNTY OF BLOUNT,  
CITY OF ALCOA.

I, A. B. Smith, the duly appointed, qualified and acting Recorder of the City of Alcoa, Tennessee, do hereby certify that the annexed is a true, accurate and compared copy of extracts of the minutes of the regular meeting of the Board of Commissioners of the City of Alcoa held on February 14, 1946, as recorder in the Minute Book of the City of Alcoa, Volume 2, Pages 1890, 1891, and 1892.

Given under my hand and official seal, at office in Alcoa, Tennessee, on this the 9th day of March, 1946.

A. B. Smith  
Recorder of the City of Alcoa

ALCOA, TENNESSEE

THURSDAY, FEBRUARY 14, 1946, 7:30 P.M.

The Board of Commissioners of the City of Alcoa met in regular session at the Municipal Building in the City of Alcoa on this Thursday, February 14, 1946, 7:30 P. M. On roll call the following City officials were present: Commissioners, O. W. Brumfiel, Mayor, presiding, J. H. Studley and Thomas Blakely; City Manager, V. J. Hultquist, City Attorney, Homer A. Goddard, Chief of Police, A. L. Lively, and Recorder, A. B. Smith; when the following proceedings were had and done to wit.

\*\*\* E X T R A C T \*\*\*

Mayor Brumfiel announced that in accordance with the Charter of the Blount Memorial Hospital, Incorporated, provided that the Board of Commissioners would select one member of the Board of Directors of said institution to serve for a period of three years, and one member to serve for a period of two years. Thereupon a motion was made by Commissioner Studley and duly seconded by Commissioner Blakely that O. W. Brumfiel be elected as Director of Blount Memorial Hospital, Incorporated for a term of three years. On roll call the vote was as follows: Yeas, J. H. Studley and Thomas Blakely; Nays, None. Commissioner Brumfiel not voting. Thereupon the Recorder declared that O. W. Brumfiel had been elected as a Director of the Blount Memorial Hospital, Incorporated for a term of three years.

Thereupon a motion was made by Commissioner Brumfiel and duly seconded by Commissioner Studley that J. L. Frankum be elected as a Director of the Blount Memorial Hospital, Incorporated for a term of two years. On roll call the vote was as follows: Yeas, O. W. Brumfiel, J. H. Studley and Thomas Blakely; Nays, None. Thereupon the Mayor declared that J. L. Frankum had been elected as a Director of the Blount Memorial Hospital, Incorporated for a term of two years.

There being no further business a motion was made by Commissioner Brumfiel and duly seconded by Commissioner Studley that the Board of Commissioners be adjourned until the next regular meeting time. On roll call the vote was as follows: Yeas, O. W. Brumfiel, J. H. Studley and Thomas Blakely; Nays, None.

Thereupon the Mayor declared that the Board of Commissioners was adjourned until the next regular meeting time unless sooner convened as otherwise provided by law.

Approved February 28th, 1946.

O. W. Bramfield  
Mayor

Attest:

A. B. Smith  
Recorder

QUARTERLY COURT - ADJOURNED SESSION

Monday February 4th 1946

Be it remembered that at an Adjourned Term of the Quarterly County Court of Blount County, Tennessee, held at the Court House at Maryville, Tennessee on the first Monday in February, it being the 4th day of February, 1946, and it being the time to which the Quarterly Court adjourned on January 7th, 1946. There appeared W. B. Carringer, High Sheriff of Blount County, Tennessee, who duly and regularly opened said Quarterly Court as provided by law, and there being present and presiding the Honorable Geo. D. Roberts, Judge of said County Court for Blount County, duly elected and commissioned as such County Judge, and the following Justices of the Peace of said County: C. C. Baldwin, Charles J. Boring, E. C. Brown, T. H. Brown, O. W. Brumfiel, J. W. Clabough, Temple DeLozier, Harry Edmondson, John A. Everett, G. E. Garner, Ed Griffiths, S. W. Henry, S. L. Huskey, C. A. Jenkins, McKinley Kincer, John C. Murphy, A. T. Peery, Charles A. Reed, S. L. Shirley, Shirley C. Sponce, Jim M. Spurgeon, Walter Tulloch, Troy E. Walker, James A. Whitehead, and Berry Williams, when the following proceedings were had, to-wit:

BLOUNT MEMORIAL HOSPITAL,  
BOARD OF DIRECTORS.

The Court went into an election of a Board of Directors for the Blount Memorial Hospital, to serve with such Directors as may be selected by the City of Alcoa, the City of Maryville and Maryville College. Thereupon J. T. Trotter, A. D. Huddleston, Robert Martin and Temple DeLozier were elected to serve on said Board of Directors, J. T. Trotter for a term of three years, A. D. Huddleston for a term of two years, and Robert Martin and Temple DeLozier for a term of one year each.

\*\*\*\*\*

There being no further business presented, the Court thereupon adjourned until Quarterly Court in course.

Geo. D. Roberts,  
JUDGE.

STATE OF TENNESSEE I  
COUNTY OF BLOUNT I SS.

I, R. D. HUMPHRETT, Clerk of the County Court of said County, do hereby certify that the foregoing is a true and perfect copy of the Court Order—In Re-Board of Directors for Blount Memorial Hospital as the same appears of record in my office.

Witness my hand and official seal in Maryville, this 7th day of March, 1946.

R. D. Humphrett, Clerk  
By—Iva E. DeLozier, D. C.

MARYVILLE COLLEGE  
MARYVILLE, TENNESSEE  
March 8, 1946

"11. President Lloyd announced that the proposed Charter of Incorporation of the new Blount Memorial Hospital provides that the Directors of the College participate in the corporation by the election of one of the nine Directors. In connection with this proposal the Committee took the following action, to be reported to the Board of Directors of Maryville College at its next meeting:

- (a) Agreed to participate as requested by electing one of the Directors of the Hospital Corporation.
- (b) Expressed the sentiment of the Committee that the Directors would not be committed to elect any particular person as such Director of the Hospital Corporation, or the re-election from time to time of the person selected.
- (c) Elected J. C. Gamble the Director of the Hospital Corporation for the term of one year."

I certify that this is a true and exact copy of that portion of the minutes of the meeting having to do with the Blount Memorial Hospital of the Committee on Administration of the Directors of Maryville College, January 16, 1946.

Ralph W. Lloyd  
Ralph Waldo Lloyd  
President of Maryville College  
Chairman of the Committee on  
Administration

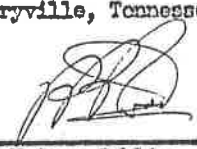
*A. D. Huddleston*  
President, Board of Directors

Personally appeared before me, the undersigned authority, A. D. Huddleston, who acknowledged that he executed the foregoing application for Charter of Incorporation for the purpose therein expressed.

Witness my hand and seal at office in Maryville, Tennessee on this the 26 day of June, 1947.

My Commission expires:

Aug. 10, 1950

  
Notary Public

# State of Tennessee



## Department of State

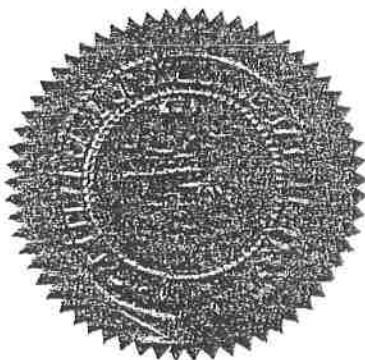
### Certificate

The undersigned, as Secretary of State of the State of Tennessee, hereby certifies that the attached document was received for filing on behalf of

BLOUNT MEMORIAL HOSPITAL, INCORPORATED,

was duly executed in accordance with the Tennessee General Corporation Act, was found to conform to law, and was filed by the undersigned, as Secretary of State, on the date noted on the document.

Therefore, the undersigned, as Secretary of State, and by virtue of the authority vested in him by law, hereby issues this certificate and attaches hereto the document which was duly filed on October 24th, 19 94.



*Y. C. Powell*  
Secretary of State  
*W. C. Blair*  
Deputy

THIS INSTRUMENT WAS PREPARED BY JAMES H. HARRIS  
FIRST TENNESSEE BOOK BINDER  
MARYVILLE, TENNESSEE

AMENDMENT TO THE CHARTER OF INCORPORATION OF  
BLOUNT MEMORIAL HOSPITAL, INCORPORATED

KNOW ALL MEN BY THESE PRESENTS THAT WHEREAS, at a regular meeting of the Directors of Blount Memorial Hospital, Incorporated, held on the 23rd day of October, 1984, at Blount Memorial Hospital in Maryville, Blount County, Tennessee, the following resolution was adopted by affirmative vote of a majority of the Director of Blount Memorial Hospital, Incorporated, to-wit:

"RESOLUTION

BE IT RESOLVED by the Board of Directors of Blount Memorial Hospital, Incorporated, in regular session assembled on this 23rd day of October, 1984, that the Charter of Blount Memorial Hospital, Incorporated, be amended as follows:

That the following paragraph of the Charter of Incorporation of Blount Memorial Hospital, Incorporated, be stricken:

'At the expiration of the first terms of the first permanent Board of Directors, in the manner hereinabove set out, the members to be selected by the agencies above provided, shall be elected by such respective agencies for a term of three years each. In the event of a vacancy in the Board of Directors such vacancy shall be filled by the agency originally selecting such members.'

and that there be substituted in lieu thereof the following:

'As the terms of the present Board of Directors expire, the members of the Board of Directors to be selected by the agencies above provided shall be elected by such respective agencies for a term of three (3) years each in the manner hereinafter provided.

That in the event of a vacancy in the Board of Directors, such vacancy shall be filled by the agency originally selecting such member in the manner hereinafter provided.

All Directors of Blount Memorial Hospital, Incorporated, shall be nominated by a Nominating Committee as hereinafter designated, which nominations shall be made to the respective electing bodies on or before the 1st day of January of each year.

1934 OCT 11 11:10 AM

In the event of a vacancy in the Board of Directors, the Nominating Committee, as hereinafter provided, shall nominate to the respective electing bodies a Director to serve the unexpired term and which nomination shall be made within thirty (30) days after the occurrence of the vacancy.

The Nominating Committee shall be composed of seven (7) members, one (1) of whom shall be the President of the Board of Directors of Blount Memorial Hospital, Incorporated; of the remaining six (6) members, one shall be selected by the President or Chief Executive Officer of each of the following organizations: Blount County Medical Society, the largest industrial employer of Blount County, the largest labor union in Blount County, Blount County Farm Bureau; Blount County Chamber of Commerce; one of the following financial institutions: First Tennessee Bank, Maryville, First Federal Savings & Loan Association of Maryville, Blount National Bank of Maryville, Citizens Bank of Blount County, and American Fidelity Bank, or the successor of any of said financial institutions herein named, who shall serve a term of one (1) year on a rotating basis in the order named. All members of the Nominating Committee shall be residents of Blount County, Tennessee.

The President of the Board of Directors of Blount Memorial Hospital, Incorporated, shall be the permanent Chairman of the Nominating Committee and shall annually convene the Nominating Committee for the purpose of making nominations to the respective electing bodies and shall also convene the Nominating Committee to nominate any vacancies which may occur in the Board of Directors of Blount Memorial Hospital, Incorporated. The Chairman shall be obligated to convene the Nominating Committee into session upon the request of four (4) members of the Nominating Committee.

In the event the Nominating Committee should fail or refuse to nominate a Director by the time herein specified, the electing body shall be free to select and elect a Director by nominations from the floor or by nomination by a standing Committee of the electing body and without reference to the Nominating Committee herein created.

In the event the electing body should decline to elect the person nominated by the Nominating Committee, the Nominating Committee shall immediately be reconvened and shall submit a new nomination to the electing body within thirty (30) days after the nominee has been turned down by the electing body.

103 OCT 28 11:50

All provisions of the original charter of incorporation not inconsistent herewith shall remain in full force and effect.'

BE IT FURTHER RESOLVED that the President and Secretary of Blount Memorial Hospital, Incorporated, are hereby authorized and directed to apply for and obtain an amendment to the Charter of Incorporation of Blount Memorial Hospital, Incorporated, as hereinabove set out."

WHEREAS, the Charter of Blount Memorial Hospital, Incorporated, provides that the charter may be amended upon the affirmative vote of all of the governmental agencies selecting the permanent Board of Directors, which vote shall be evidenced by resolution duly adopted by all of such agencies; and

WHEREAS, the governmental agencies electing the permanent Board of Directors are the Legislative Body of Blount County, Tennessee, the City Council of the City of Maryville and the City Commission of the City of Alcoa; and

WHEREAS, each governmental agency has adopted a similar resolution to that hereinabove, as evidenced by certified copies of the resolutions attached hereto of each of the governmental agencies.

NOW THEREFORE, for and in consideration of the premises and in accordance with the Board of Directors and the concurring resolutions of all three of the governmental agencies electing the permanent Board of Directors, we, the undersigned, do hereby certify that we are the duly elected and constituted President and Secretary, respectively, of Blount Memorial Hospital, Incorporated, and we further certify that the resolution hereinabove set out was duly and regularly passed by a majority of the Board of Directors held on the 23rd day of October, 1984, and we hereby apply to the State of Tennessee, pursuant to the general laws the State, for an amendment to the Charter of Incorporation of Blount Memorial Hospital, Incorporated, for the

ST OCT 24 11 05 50

purposes set out and expressed in said resolution hereinbefore set out.

IN WITNESS WHEREOF, we have set our hands and seals on the 23rd day of October, 1984.

Edward D. R.  
President, Blount Memorial  
Hospital, Incorporated

James E. R.  
Secretary, Blount Memorial  
Hospital, Incorporated

900 New Walland Highway  
Maryville, Tennessee 37801

1992 MAR 27 10:10:13  
J. W. HELL  
SECRETARY OF STATE

THIS RESOLUTION WAS PREPARED BY ARTHUR B. GORMAN  
FIRST COUNSEL BASS VILLI  
MADISON, TENNESSEE

AMENDMENT TO THE CHARTER OF INCORPORATION OF  
BLOUNT MEMORIAL HOSPITAL, INCORPORATED

70

KNOW ALL MEN BY THESE PRESENTS, THAT WHEREAS, at a regular meeting of the Board of Directors of Blount Memorial Hospital, Incorporated, held on the 24th day of March, 1992, at Blount Memorial Hospital in Maryville, Blount County, Tennessee, the following resolution was adopted by the affirmative vote of a majority of the Directors of Blount Memorial Hospital, Incorporated, to-wit:

"RESOLUTION

BE IT RESOLVED by the Board of Directors of Blount Memorial Hospital, Incorporated, in regular session assembled on this the 24th day of March, 1992, that the Charter of Blount Memorial Hospital, Incorporated, be amended as follows:

By striking that portion of the first paragraph of the Charter of Incorporation appearing after the words

'BLOUNT MEMORIAL HOSPITAL, INCORPORATED'  
and inserting in lieu thereof the following:  
'the principal office of which shall be in Blount County, Tennessee, for the purpose of leasing, operating and/or maintaining a general non-profit hospital and associated and related programs and facilities.'

All provisions of the original charter of incorporation, as heretofore amended, not inconsistent herewith shall remain in full force and effect.

BE IT FURTHER RESOLVED that the President and Secretary of Blount Memorial Hospital, Incorporated, are hereby authorized and directed to apply for and obtain an amendment to the Charter of Incorporation of Blount Memorial Hospital, Incorporated, as hereinabove set out."

WHEREAS, the Charter of Blount Memorial Hospital, Incorporated, provides that the charter may be amended upon the affirmative vote of all of the governmental agencies selecting the permanent Board of Directors, which vote shall be evidenced by resolution duly adopted by all of such agencies; and

93 MAY 27 AM 10:18

SECRETARY OF STATE

WHEREAS, the governmental agencies electing the permanent Board of Directors are the Legislative Body of Blount County, Tennessee, the City Council of the City of Maryville, and the City Commission of the City of Alcoa; and

WHEREAS, each governmental agency has adopted a similar resolution to that hereinabove, as evidenced by certified copies of the resolutions attached hereto of each of the governmental agencies.

NOW THEREFORE, for and in consideration of the premises and in accordance with the resolution of the Board of Directors and the concurring resolutions of all three of the governmental agencies electing the permanent Board of Directors, we, the undersigned, do hereby certify that we are the duly elected and constituted President and Secretary, respectively, of Blount Memorial Hospital, Incorporated, and we further certify that the resolution hereinabove set out was duly and regularly passed by a majority of the Board of Directors held on the 24th day of March, 1992, and we hereby apply to the State of Tennessee, pursuant to the general laws of the State, for an amendment to the Charter of Incorporation of Blount Memorial Hospital, Incorporated, for the purposes set out and expressed in said resolution hereinbefore set out.

IN WITNESS WHEREOF, we have hereunto set our hands and seals on the 25 day of May, 1993.

Robert P. Redwine  
President, Blount Memorial  
Hospital, Incorporated  
Joseph M. Gannon  
Secretary, Blount Memorial  
Hospital, Incorporated

71

**APPENDIX A-6**

**WARRANTY DEED FOR  
BLOUNT MEMORIAL'S EAST TN MEDICAL GROUP**

2013 MAY 7 AM 9 06

Phyllis Lee Crisp, Register  
Blount County Tennessee

Rec #:	432395	
Rec'd:	15.00	Instrument #: 679037
State:	0.00	
Clerk:	0.00	Recorded
Other:	2.00	10/26/2012 at 10:25 AM
Total:	17.00	in
		Record Book 2337 Pgs 2641-2643

(Space above this line for Recording Data)

This instrument was prepared by  
Robert N. Goddard  
101 W. Broadway # 208  
Maryville, Tennessee 37801

## WARRANTY DEED

SEND TAX NOTICE TO:  
Blount Memorial Hospital, Incorporated  
907 E. Lamar Alexander Parkway

BEING the same property conveyed to EGMG Investments, LLC, by deed from Medical Development Associates, LLC, which deed is dated July 26, 2006, and of record in the Register's Office for Blount County, Tennessee, in Record Book 2118, page 1986.

Parcel No. 046L-A-001.02

**TRACT TWO:**

SITUATED in District No. Nine (9) of Blount County, Tennessee, within the City of Alcoa, and being all of Tract 2 of the Property of East Tennessee Medical Group, as shown by map of same of record in Map File 1826B in the Register's Office for Blount County, Tennessee, to which map specific reference is hereby made for a more particular description.

THIS CONVEYANCE is made subject to restrictions, conditions, limitations and easements as contained in the Register's Office for Blount County, Tennessee, in Map File 1826B.

THIS CONVEYANCE is further made subject to Air Current Easements to Aluminum Company of America shown of record in the Register's Office for Blount County, Tennessee, in Misc. Vol. 39, page 149, and Deed Book 503, page 684.

THIS CONVEYANCE is further made subject to Electric Line Easements to the City of Alcoa as shown of record in the Register's Office for Blount County, Tennessee, in Misc. Vol. 190, page 261.

STATE OF TENNESSEE     )  
                                      SS  
COUNTY OF BLOUNT     )

2013 MAY 7 AM 9 06

Before me, the undersigned authority, a Notary Public in and for said county, personally appeared I. DONALD HEINEMANN, II, with whom I am personally acquainted, and who, upon oath, acknowledged himself to be President of ETMG INVESTMENTS, LLC, the within named bargainor, a limited liability company, and that he as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as President.

Witness my hand and seal at office on this the 26 day of October, 2012

\_\_\_\_\_  
NOTARY PUBLIC

My commission expires:

7/23/14



**APPENDIX B-E-3 (a)**  
**MANUFACTURER'S QUOTE**  
**FOR**  
**UPGRADE 3-T MRI**

Quotation Number: P7-C165233 V 5

Blount Memorial Hospital  
907 E Lamar Alexander Pkwy  
Maryville TN 37804-5015

Attn: Ted Mashburn  
907 E Lamar Alexander Pkwy  
Maryville TN 37804

Date: 04-11-2013

This Agreement (as defined below) is by and between the Customer and the GE Healthcare business ("GE Healthcare"), each as identified herein. GE Healthcare agrees to provide and Customer agrees to pay for the Products listed in this GE Healthcare Quotation ("Quotation"). "Agreement" is defined as this Quotation and the terms and conditions set forth in either (i) the Governing Agreement identified below or (ii) if no Governing Agreement is identified, the following documents:

1) This Quotation that identifies the Product offerings purchased or licensed by Customer;

2) The following documents, as applicable, if attached to this Quotation: (i) GE Healthcare Warranty(ies); (ii) GE Healthcare Additional Terms and Conditions; (iii) GE Healthcare Product Terms and Conditions; and (iv) GE Healthcare General Terms and Conditions.

In the event of conflict among the foregoing items, the order of precedence is as listed above.

This Quotation is subject to withdrawal by GE Healthcare at any time before acceptance. Customer accepts by signing and returning this Quotation or by otherwise providing evidence of acceptance satisfactory to GE Healthcare. Upon acceptance, this Quotation and the related terms and conditions listed above (or the Governing Agreement, if any) shall constitute the complete and final agreement of the parties relating to the Products identified in this Quotation. The parties agree that they have not relied on any oral or written terms, conditions, representations or warranties outside those expressly stated or incorporated by reference in this Agreement in making their decisions to enter into this Agreement. No agreement or understanding, oral or written, in any way purporting to modify this Agreement, whether contained in Customer's purchase order or shipping release forms, or elsewhere, shall be binding unless hereafter agreed to in writing by authorized representatives of both parties. Each party objects to any terms inconsistent with this Agreement proposed by either party unless agreed to in writing and signed by authorized representatives of both parties, and neither the subsequent lack of objection to any such terms, nor the delivery of the Products, shall constitute an agreement by either party to any such terms.

By signing below, each party certifies that it has not made any handwritten modifications. Manual changes or mark-ups on this Agreement (except signatures in the signature blocks and an indication in the form of payment section below) will be void.

- |                              |   |
|------------------------------|---|
| • Terms of Delivery:         | FOB Destination   |
| • Quotation Expiration Date: | 06-28-2013  |
| • Billing Terms:             | 40% Upon delivery - 50% Upon installation - 10% Upon acceptance |
| • Payment Terms:             | NET 30  |
| • Governing Agreement:       | MedAsset - DI   |

Each party has caused this agreement to be signed by an authorized representative on the date set forth below. Please submit purchase orders to GE Healthcare

3200 N. Grandview Blvd., Mail Code WT-897, Waukesha, WI 53188

GE HEALTHCARE

Brandi Barnett  
Product Sales Specialist

Date

CUSTOMER

Authorized Customer

Date

Print Name and Title

PO #

Desired Equipment First Use Date

GE Healthcare will use reasonable efforts to meet Customer's desired equipment first use date. The actual delivery date will be mutually agreed upon by the parties.

INDICATE FORM OF PAYMENT:

(If there is potential to finance with a lease transaction, GE HFS or otherwise, select lease.)

\_\_\_ Cash \* \_\_\_ Lease \_\_\_ HFS Loan

If financing please provide name of finance company below\*:

\*Selecting Cash or not identifying GE HFS as the finance company declines option for GE HFS financing.

Quotation Number: P7-C165233 V 5

Item No.	Qty	Catalog No.	Description
	1		<b>Discovery MR750w 3.0T</b>
1	1	S7751WC	<p>Discovery MR750w 3.0T 32-Channel MR System</p> <p>Patient expectations of MR have shifted in recent years, as patients have begun to demand a better, more comfortable scanning experience. Increasing the size of the bore is a good first step, but it's only the beginning. The right system should overcome traditional limitations of wide-bore MR, offering both excellent images and a user-friendly experience. Patients should be more comfortable during their scan, and clinicians more comfortable in making a diagnosis. All the while, organizations should expect their MR system to help them deliver solid financial returns, maintain a high standard of patient safety, and increase the quality of their care.</p> <p>GE has advanced the capabilities of wide-bore MR by delivering both uncompromised image quality and high productivity, all with a 50cm clinical field of view. With the Discovery MR750w 3.0T GE offers a range of new functionality, provides a more patient friendly environment and a clinical workhorse system for practices of all sizes and specialties.</p> <p>To improve the patient experience and provide high image quality, no other component of an MRI system has greater impact than the magnet. Incorporating over 15 years of 3T magnet design experience, the Discovery MR750w system features a short, wide bore magnet that delivers a 50 x 50 x 50 cm FOV. The magnet geometry has been optimized to reduce patient anxiety by providing more space in the bore and more exams with the patient's head outside of the magnet. The 50cm field of view provides uniform image quality and can reduce exam times since fewer acquisitions may be necessary to cover large areas of anatomy. Complemented by GE's active shielding technology, the Discovery MR750w's flexible installations specifications provide easy siting. And with zero-boil-off magnet technology, helium refills are effectively eliminated, thus reducing operating costs and maximizing uptime.</p> <p>Quiet Technology: GE has implemented Quiet Technology on critical components of the MR system to reduce acoustic noise and improve the patient environment. This technology enables full use of the eXtreme Gradient Platform for excellent image quality, while maintaining a safe environment for the patient. The technology encompasses the gradient coil, RF body coil, and magnet mounting.</p> <p>GE's MultiDrive Transmit and OpTix RF Receive Chain: GE's innovative Optical RF receive technology improves signal detection while simultaneously reducing electrical noise. By locating the receiver electronics on the side of the magnet and close to the origin of the MR signal, interference from external noise sources is reduced thus improving image quality and SNR. The result is a 27% SNR improvement over previous generation, non-optical systems for volumetric scanning.</p>

Quotation Number: P7-C165233 V 5

Item No.	Qty	Catalog No.	Description
	1		<b>NonProducts</b>
31	1		Cost to rig the the new system into the facility

**Quote Summary:**

**Total Extended Selling Price:** **\$1,747,195.00**

**Total Quote Net Selling Price** **\$1,747,195.00**

(Quoted prices do not reflect state and local taxes if applicable. Total Net Selling Price  
Includes Trade In allowance, if applicable. )

**APPENDIX B-III-A**

**PLOT PLAN(s)**

# PLOT PLAN

7.471 acres

NO.	DESCRIPTION	DATE	BY	CHKD.
1	PRELIMINARY	10/1/00	W. J. B.	W. J. B.
2	REVISION	10/1/00	W. J. B.	W. J. B.
3	REVISION	10/1/00	W. J. B.	W. J. B.
4	REVISION	10/1/00	W. J. B.	W. J. B.
5	REVISION	10/1/00	W. J. B.	W. J. B.
6	REVISION	10/1/00	W. J. B.	W. J. B.
7	REVISION	10/1/00	W. J. B.	W. J. B.
8	REVISION	10/1/00	W. J. B.	W. J. B.
9	REVISION	10/1/00	W. J. B.	W. J. B.
10	REVISION	10/1/00	W. J. B.	W. J. B.
11	REVISION	10/1/00	W. J. B.	W. J. B.
12	REVISION	10/1/00	W. J. B.	W. J. B.
13	REVISION	10/1/00	W. J. B.	W. J. B.
14	REVISION	10/1/00	W. J. B.	W. J. B.
15	REVISION	10/1/00	W. J. B.	W. J. B.
16	REVISION	10/1/00	W. J. B.	W. J. B.
17	REVISION	10/1/00	W. J. B.	W. J. B.
18	REVISION	10/1/00	W. J. B.	W. J. B.
19	REVISION	10/1/00	W. J. B.	W. J. B.
20	REVISION	10/1/00	W. J. B.	W. J. B.

STORM SEWER SCHEDULE	NO.	DIAMETER	LENGTH	DATE
1	12"	100'	10/1/00	W. J. B.
2	18"	100'	10/1/00	W. J. B.
3	24"	100'	10/1/00	W. J. B.
4	30"	100'	10/1/00	W. J. B.
5	36"	100'	10/1/00	W. J. B.
6	42"	100'	10/1/00	W. J. B.
7	48"	100'	10/1/00	W. J. B.
8	54"	100'	10/1/00	W. J. B.
9	60"	100'	10/1/00	W. J. B.
10	66"	100'	10/1/00	W. J. B.
11	72"	100'	10/1/00	W. J. B.
12	78"	100'	10/1/00	W. J. B.
13	84"	100'	10/1/00	W. J. B.
14	90"	100'	10/1/00	W. J. B.
15	96"	100'	10/1/00	W. J. B.
16	102"	100'	10/1/00	W. J. B.
17	108"	100'	10/1/00	W. J. B.
18	114"	100'	10/1/00	W. J. B.
19	120"	100'	10/1/00	W. J. B.
20	126"	100'	10/1/00	W. J. B.

**GENERAL NOTES**

1. The owner shall be responsible for obtaining all necessary permits and approvals from the appropriate authorities.
2. The owner shall be responsible for obtaining all necessary easements and rights-of-way from the appropriate authorities.
3. The owner shall be responsible for obtaining all necessary utility easements and rights-of-way from the appropriate authorities.
4. The owner shall be responsible for obtaining all necessary environmental permits and approvals from the appropriate authorities.
5. The owner shall be responsible for obtaining all necessary zoning permits and approvals from the appropriate authorities.
6. The owner shall be responsible for obtaining all necessary fire department permits and approvals from the appropriate authorities.
7. The owner shall be responsible for obtaining all necessary health department permits and approvals from the appropriate authorities.
8. The owner shall be responsible for obtaining all necessary police department permits and approvals from the appropriate authorities.
9. The owner shall be responsible for obtaining all necessary court permits and approvals from the appropriate authorities.
10. The owner shall be responsible for obtaining all necessary legislative permits and approvals from the appropriate authorities.

**EROSION CONTROL NOTES**

1. The owner shall be responsible for obtaining all necessary permits and approvals from the appropriate authorities.
2. The owner shall be responsible for obtaining all necessary easements and rights-of-way from the appropriate authorities.
3. The owner shall be responsible for obtaining all necessary utility easements and rights-of-way from the appropriate authorities.
4. The owner shall be responsible for obtaining all necessary environmental permits and approvals from the appropriate authorities.
5. The owner shall be responsible for obtaining all necessary zoning permits and approvals from the appropriate authorities.
6. The owner shall be responsible for obtaining all necessary fire department permits and approvals from the appropriate authorities.
7. The owner shall be responsible for obtaining all necessary health department permits and approvals from the appropriate authorities.
8. The owner shall be responsible for obtaining all necessary police department permits and approvals from the appropriate authorities.
9. The owner shall be responsible for obtaining all necessary court permits and approvals from the appropriate authorities.
10. The owner shall be responsible for obtaining all necessary legislative permits and approvals from the appropriate authorities.

**SITE LEGEND**

**EXISTING**

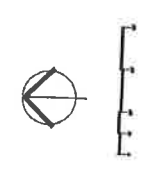
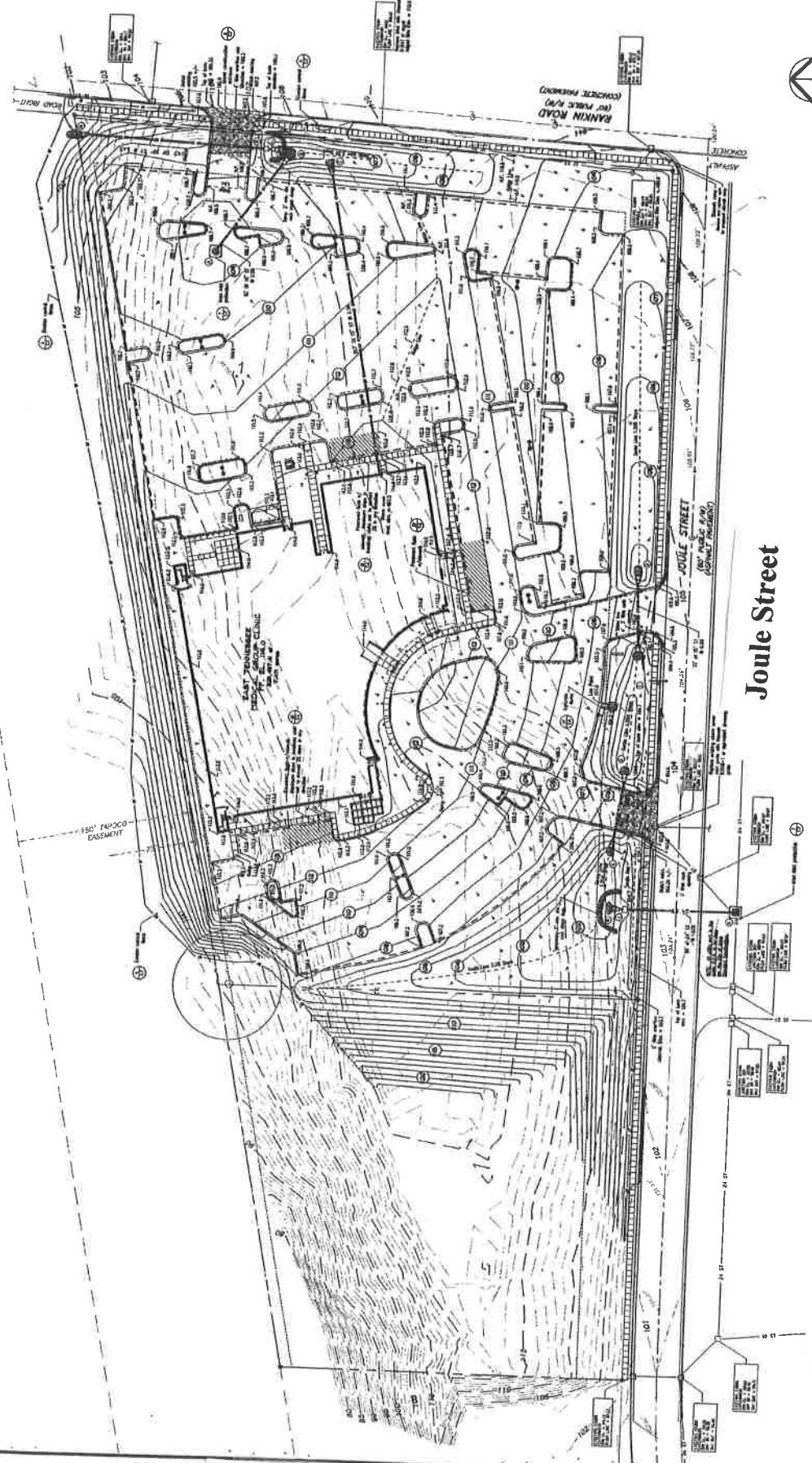
- 1. Existing Building
- 2. Existing Parking
- 3. Existing Driveway
- 4. Existing Road
- 5. Existing Utility
- 6. Existing Easement
- 7. Existing Right-of-Way
- 8. Existing Zoning
- 9. Existing Fire Department
- 10. Existing Health Department
- 11. Existing Police Department
- 12. Existing Court
- 13. Existing Legislative

**PROPOSED**

- 1. Proposed Building
- 2. Proposed Parking
- 3. Proposed Driveway
- 4. Proposed Road
- 5. Proposed Utility
- 6. Proposed Easement
- 7. Proposed Right-of-Way
- 8. Proposed Zoning
- 9. Proposed Fire Department
- 10. Proposed Health Department
- 11. Proposed Police Department
- 12. Proposed Court
- 13. Proposed Legislative

**SYMBOLS**

- 1. Existing Building
- 2. Existing Parking
- 3. Existing Driveway
- 4. Existing Road
- 5. Existing Utility
- 6. Existing Easement
- 7. Existing Right-of-Way
- 8. Existing Zoning
- 9. Existing Fire Department
- 10. Existing Health Department
- 11. Existing Police Department
- 12. Existing Court
- 13. Existing Legislative



C.4

**SITE GRADING AND EROSION CONTROL PLAN**

**EAST TENNESSEE MEDICAL GROUP MEDICAL OFFICE BUILDING**

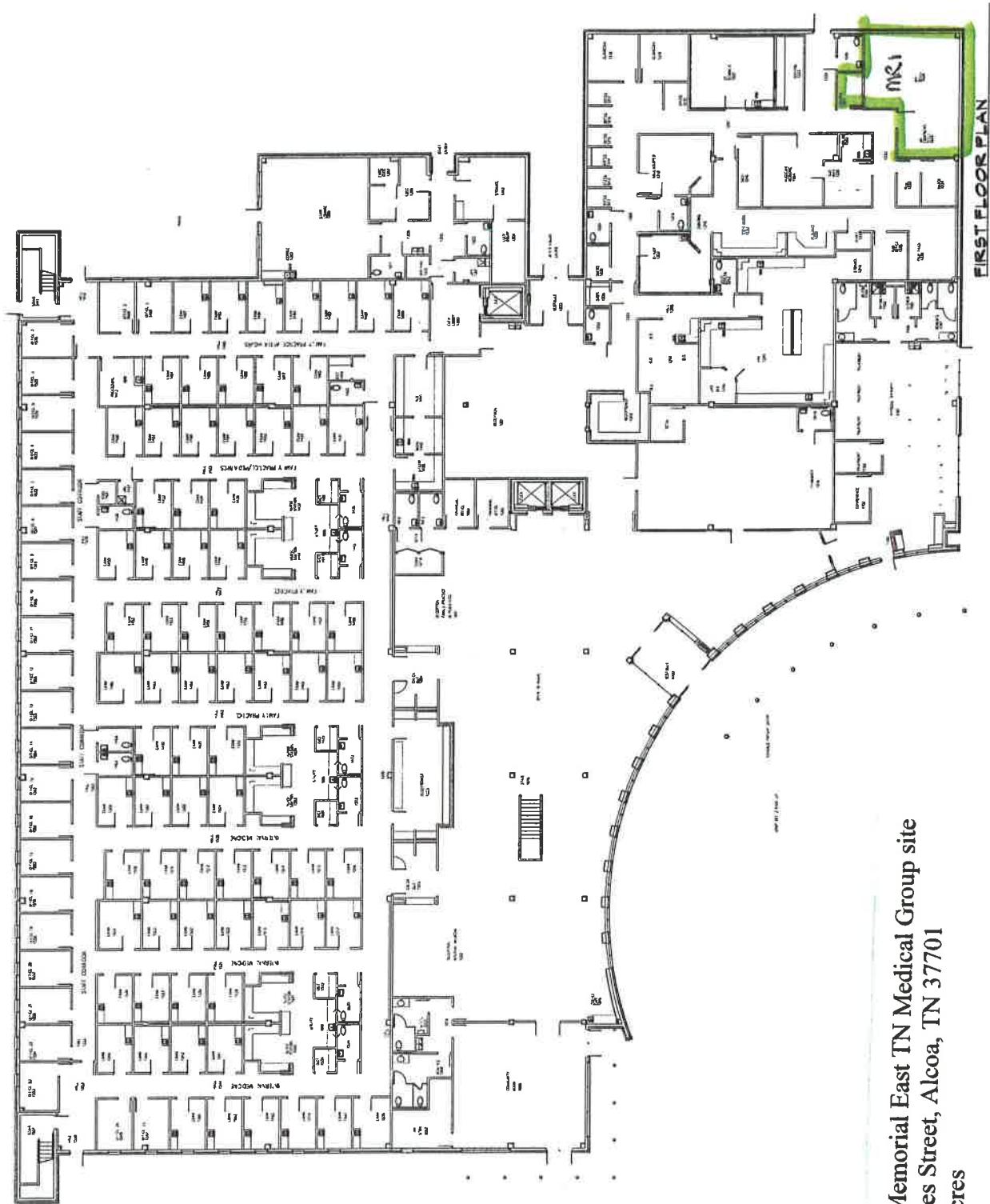
**MEDICAL DEVELOPMENT ASSOCIATES LLC**

**Marshall Erdman & Associates**

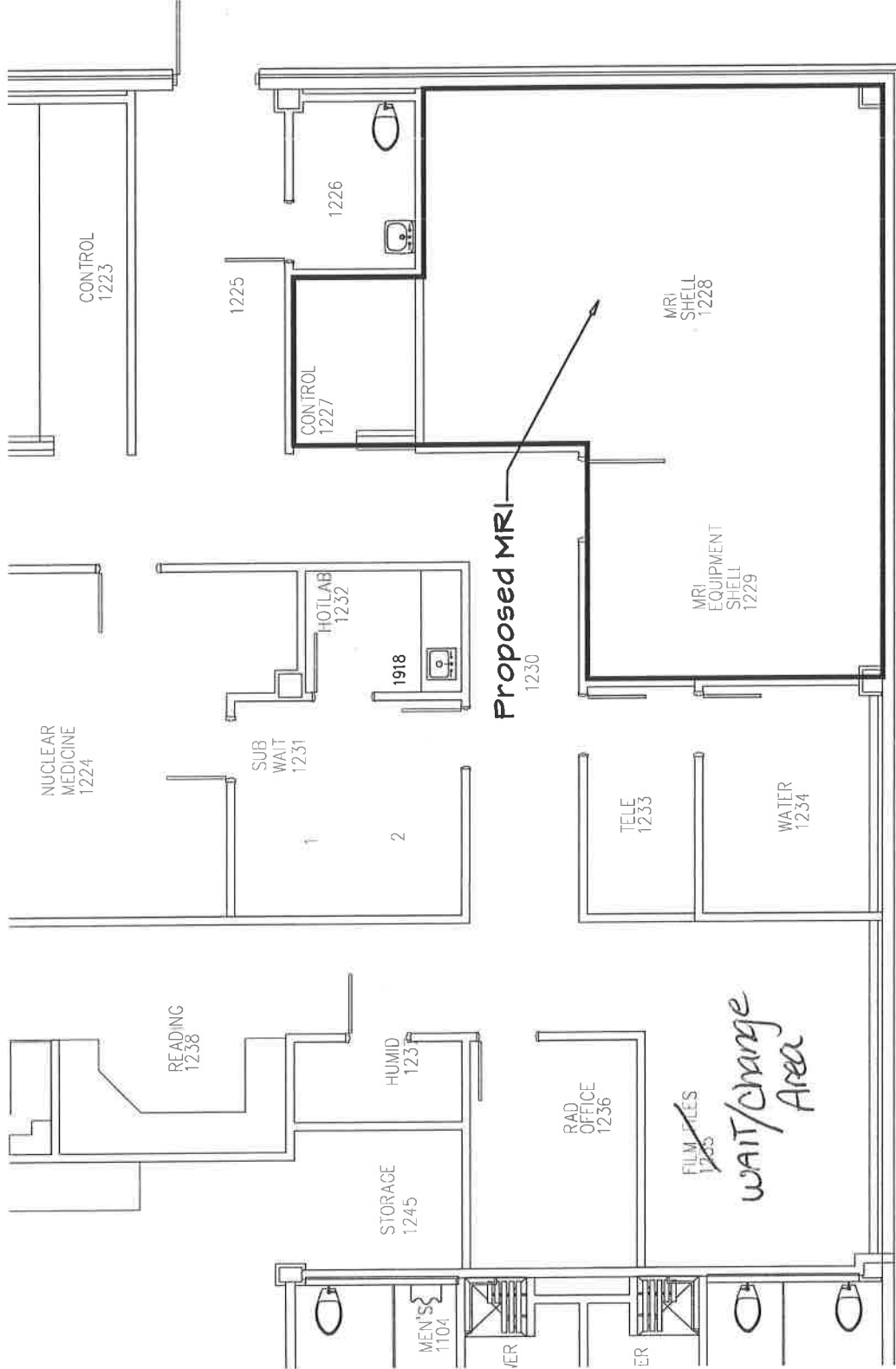
N. Calderwood Street

**APPENDIX B-IV**

**FLOOR PLAN  
FOR  
MRI LOCATION**



Blount Memorial East TN Medical Group site  
 266 Joules Street, Alcoa, TN 37701  
 7.471 Acres



**FLOOR PLAN**  
 3/16" = 1'-0"

**APPENDIX C-1-a**

**FDA LETTER**



DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

Food and Drug Administration  
10903 New Hampshire Avenue  
Document Control Room – WO66-G609  
Silver Spring, MD 20993-0002

Mr. Toru Shimizu  
Regulatory Affairs Specialist  
GE Healthcare Japan Corporation  
7-127, Asahigaoka 4-Chrome  
Hino-Shi, Tokyo, 191-8503  
JAPAN

SEP 30 2011

Re: K103327  
Trade/Device Name: Discovery MR750w 3.0T System  
Regulation Number: 21 CFR 892.1000  
Regulation Name: Magnetic resonance diagnostic device  
Regulatory Class: II  
Product Code: LNH, LNI and MOS  
Dated: September 2, 2011  
Received: September 7, 2011

Dear Mr. Shimizu:

We have reviewed your Section 510(k) premarket notification of intent to market the device referenced above and have determined the device is substantially equivalent (for the indications for use stated in the enclosure) to legally marketed predicate devices marketed in interstate commerce prior to May 28, 1976, the enactment date of the Medical Device Amendments, or to devices that have been reclassified in accordance with the provisions of the Federal Food, Drug, and Cosmetic Act (Act) that do not require approval of a premarket approval application (PMA). You may, therefore, market the device, subject to the general controls provisions of the Act. The general controls provisions of the Act include requirements for annual registration, listing of devices, good manufacturing practice, labeling, and prohibitions against misbranding and adulteration.

If your device is classified (see above) into class II (Special Controls), it may be subject to such additional controls. Existing major regulations affecting your device can be found in Title 21, Code of Federal Regulations (CFR), Parts 800 to 895. In addition, FDA may publish further announcements concerning your device in the Federal Register.

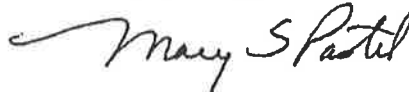
Please be advised that FDA's issuance of a substantial equivalence determination does not mean that FDA has made a determination that your device complies with other requirements of the Act or any Federal statutes and regulations administered by other Federal agencies. You must comply with all the Act's requirements, including, but not limited to: registration and listing (21 CFR Part 807); labeling (21 CFR Parts 801 and 809); medical device reporting (reporting of

medical device-related adverse events) (21 CFR 803); and good manufacturing practice requirements as set forth in the quality systems (QS) regulation (21 CFR Part 820). This letter will allow you to begin marketing your device as described in your Section 510(k) premarket notification. The FDA finding of substantial equivalence of your device to a legally marketed predicate device results in a classification for your device and thus, permits your device to proceed to the market.

If you desire specific advice for your device on our labeling regulation (21 CFR Parts 801 and 809), please contact the Office of *In Vitro* Diagnostic Device Evaluation and Safety at (301) 796-5450. Also, please note the regulation entitled, "Misbranding by reference to premarket notification" (21 CFR Part 807.97). For questions regarding the reporting of adverse events under the MDR regulation (21 CFR Part 803), please go to <http://www.fda.gov/MedicalDevices/Safety/ReportaProblem/default.htm> for the CDRH's Office of Surveillance and Biometrics/Division of Postmarket Surveillance.

You may obtain other general information on your responsibilities under the Act from the Division of Small Manufacturers, International and Consumer Assistance at its toll-free number (800) 638-2041 or (301) 796-7100 or at its Internet address <http://www.fda.gov/cdrh/industry/support/index.html>.

Sincerely Yours,



Mary S. Pastel, Sc.D.  
Director  
Division of Radiological Devices  
Office of In Vitro Diagnostic Device  
Evaluation and Safety  
Center for Devices and Radiological Health

Enclosure

510(k) Number (if known): K103327Device Name: Discovery MR750w 3.0T**Indications for Use:**

The Discovery MR750w 3.0T is a whole body magnetic resonance scanner designed to support high resolution, high signal-to-noise ratio, and short scan times. It is indicated for use as a diagnostic imaging device to produce axial, sagittal, coronal, and oblique images, spectroscopic images, parametric maps, and/or spectra, dynamic images of the structures and/or functions of the entire body, including, but not limited to, head, neck, TMJ, spine, breast, heart, abdomen, pelvis, joints, prostate, blood vessels, and musculoskeletal regions of the body. Depending on the region of interest being imaged, contrast agents may be used. The images produced by the Discovery MR750w 3.0T reflect the spatial distribution or molecular environment of nuclei exhibiting magnetic resonance. These images and/or spectra when interpreted by a trained physician yield information that may assist in diagnosis.

Prescription Use   X    
(Part 21 CFR 801 Subpart D)

AND/OR

Over-The-Counter Use         
(Part 21 CFR 801 Subpart C)

(PLEASE DO NOT WRITE BELOW THIS LINE - CONTINUE ON ANOTHER PAGE IF NEEDED)

Concurrence of CDRH, Office of In Vitro Diagnostic Devices (OIVD)

Mary Spital  
Division Sign-Off  
Office of In Vitro Diagnostic Device  
Evaluation and Safety  
510(k) \_\_\_\_\_

**APPENDIX C -1 a (1)**  
**JOINT COMMISSION ACCREDITATION**  
**HOSPITAL LICENSE**

# Blount Memorial Hospital, Inc.

Maryville, TN

has been Accredited by



## The Joint Commission

Which has surveyed this organization and found it to meet the requirements for the  
Hospital Accreditation Program

October 27, 2012

Accreditation is customarily valid for up to 36 months.

Isabel V. Hoverman, MD, MACP  
Chair, Board of Commissioners

Organization ID #7865  
Print/Reprint Date: 02/08/13

Mark R. Chassin, MD, FACP, MPP, MPH  
President

The Joint Commission is an independent, not-for-profit, national body that oversees the safety and quality of health care and other services provided in accredited organizations. Information about accredited organizations may be provided directly to The Joint Commission at 1-800-994-6610. Information regarding accreditation and the accreditation performance of individual organizations can be obtained through The Joint Commission's web site at [www.jointcommission.org](http://www.jointcommission.org).



AMA  
AMERICAN  
MEDICAL  
ASSOCIATION



# Board for Licensing Health Care Facilities

State of



Tennessee

No. of Beds 0000000004  
0304

## DEPARTMENT OF HEALTH

*This is to certify, that a license is hereby granted by the State Department of Health to*  
BLOUNT MEMORIAL HOSPITAL INC.  
*to conduct and maintain a*

*Hospital*

BLOUNT MEMORIAL HOSPITAL

*Located at* 907 EAST LAMAR ALEXANDER PARKWAY, MARYVILLE

*County of* BLOUNT, *Tennessee.*

*This license shall expire* APRIL 15, 2014, *and is subject*  
*to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable,*  
*and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the*  
*laws of the State of Tennessee or the rules and regulations of the State Department of Health issued thereunder.*

*The Witness Whereof, we have hereunto set our hand and seal of the State this* 15TH *day of* APRIL, 2013.  
*In the District Category (ies) of:*

GENERAL HOSPITAL  
PEDIATRIC BASIC HOSPITAL  
TRAUMA CENTER LEVEL 3



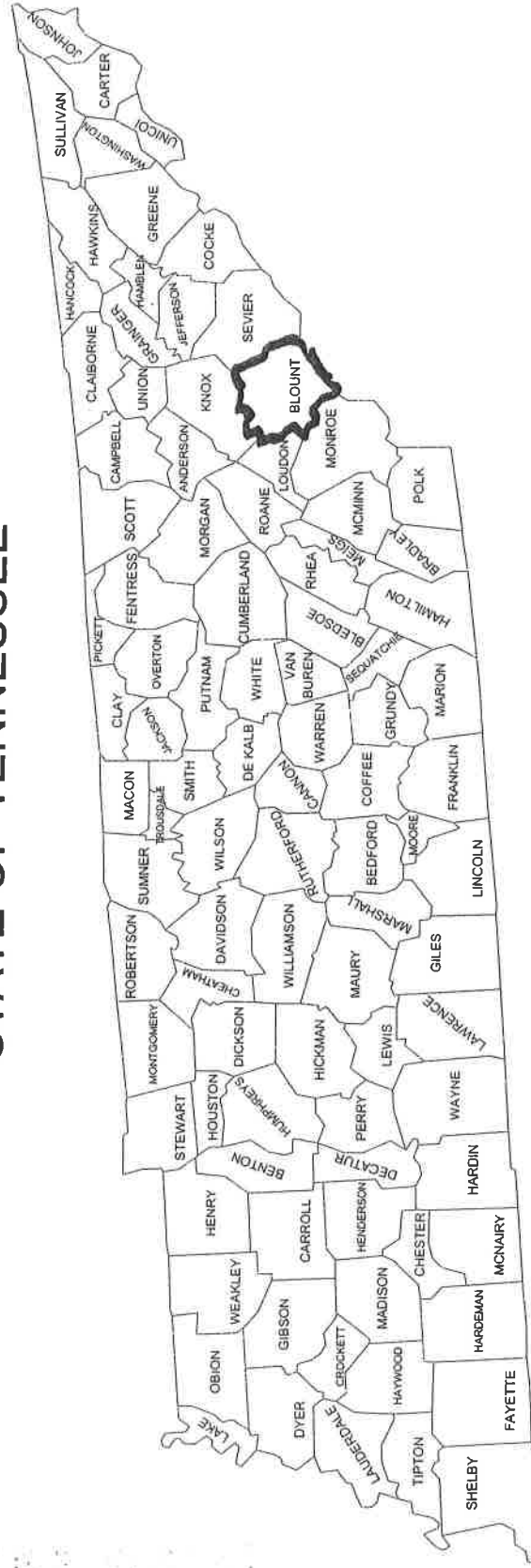
*By* James J. Davis, MPH  
DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

*By* John D. Davis  
COMMISSIONER

**APPENDIX C-3**

**MAP OF TENNESSEE  
AND  
LOCAL MAP SHOWING RE-LOCATED MRI**

# STATE OF TENNESSEE



Center for Business and Economic Research, The University of Tennessee.

# Map of Blount Memorial Hospital Facilities Springbrook & East TN Medical Site



**APPENDIX C – (2) a**  
**LETTER OF CONFIRMATION**  
**FROM**  
**CHIEF FINANCIAL OFFICER**



**Blount Memorial  
Hospital**

907 East Lamar Alexander Parkway  
Maryville, Tennessee 37804  
865-983-7211

2013 MAY 7 AM 9 07

May 1, 2013

Ms. Melanie Hill  
Executive Director  
Tennessee Health Facilities Commission  
161 Rosa L. Parks Boulevard  
Nashville, TN 37243

Dear Ms. Hill:

As Chief Financial Officer for Blount Memorial Hospital, please accept this as my confirmation that Blount Memorial Hospital has sufficient funds to internally fund the proposed acquisition of a replacement MRI and associated costs of re-locating the MRI to our East Tennessee Medical Group site in the amount of \$ 2,142,245. We currently have a cash and cash equivalent balance just over \$124,000,000.

Please do not hesitate to contact me should you have any questions.

Sincerely,

David Avriett  
Assistant Administrator &  
Chief Financial Officer

**Robert Redwine**  
*President of the Board*

**Dr. Ted Flickinger**  
*Vice President of the Board*

**Don Heinemann**  
*Chief Executive Officer*

**Medical Staff**

---

**Dr. John Niethammer**  
*Chief of Staff*

**Dr. Teresa Catron**  
*Vice Chief of Staff*

**Dr. Julie Turner**  
*Secretary/Treasurer*

**Dr. Deaver Shattuck**  
*Immediate Past Chief of Staff*

**APPENDIX C-10**

**TWO YEARS OF  
AUDITED FINANCIAL STATEMENTS**

Annual Financial Report

Blount Memorial  
Hospital, Inc.

*Years ended June 30, 2012 and 2011  
with Report of Independent Auditors*

# Blount Memorial Hospital, Inc.

## Statements of Revenues, Expenses and Changes in Net Position

	Year ended June 30	
	2012	2011
Operative revenues:		
Net patient service revenue	\$ 167,085,932	\$ 169,452,018
Other revenue	15,583,759	14,008,564
Total operating revenues	182,669,691	183,460,582
Operating expenses:		
Salaries and wages	84,662,302	84,075,103
Employee benefits	23,673,204	24,401,017
Contract salaries	1,206,629	1,459,201
Professional fees	3,645,531	5,817,219
Patient supplies	28,925,189	28,794,872
Purchased maintenance	7,728,669	7,174,043
Outside services	5,944,611	5,519,554
Equipment rental	2,878,719	2,758,186
Utilities	4,462,899	4,427,385
Marketing	640,082	638,441
Depreciation and amortization	11,235,807	12,458,571
Interest	3,762,252	3,654,506
Other expenses	9,262,903	9,200,461
Total operating expenses	188,028,797	190,378,559
Operating loss	(5,359,106)	(6,917,977)
Nonoperating revenues:		
Investment income	1,986,978	12,273,324
Contributions and other	1,036,897	818,106
Total nonoperating revenues	3,023,875	13,091,430
Excess of (expenses over revenue) revenues over expenses	(2,335,231)	6,173,453
Net position at beginning of year	176,913,357	170,739,904
Net position at end of year	\$ 174,578,126	\$ 176,913,357

See accompanying Notes to Financial Statements.



Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

Board of Directors  
Blount Memorial Hospital, Inc.

We have audited the financial statements of Blount Memorial Hospital, Inc. (the "Hospital") as of and for the year ended June 30, 2012, and have issued our report thereon dated September 14, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting

Management of the Hospital is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Hospital's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the Hospital's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Board of Directors  
Blount Memorial Hospital, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hospital's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

\*\*\*\*\*

This report is intended solely for the information and use of the board of directors, management, and the State of Tennessee Comptroller of the Treasury and is not intended to be and should not be used by anyone other than these specified parties.

*Coulter & Justus, P.C.*

September 14, 2012

**APPENDIX II (1)**

**RENOVATION  
COST ESTIMATES  
FROM  
ARCHITECT**



**COOPER ARCHITECTURE, LLC**

Blount Memorial Hospital  
907 E. Lamar Alexander Parkway  
Maryville, TN 37804

Attn: Bruce Martin

Project Name: Relocation of MRI

Dear Bruce:

The following is a summary of the cost estimates for relocation of the MRI from Springbrook to the proposed location at East Tennessee Medical Group Building:

Construction cost	\$347,000.00
Contingency	\$ 35,000.00
Design fees	\$ 32,000.00
<u>MRI Relocation</u>	<u>\$ 42,000.00</u>
Total	\$456,000.00

If you have questions or require further information please do not hesitate to contact me.

Randy Cooper



Cooper Architecture

**APPENDIX III (7) b**

**JOINT COMMISSION ACCREDITATION  
AND  
HOSPITAL LICENSE**

# Blount Memorial Hospital, Inc.

Maryville, TN

has been Accredited by



## The Joint Commission

Which has surveyed this organization and found it to meet the requirements for the  
Hospital Accreditation Program

October 27, 2012

Accreditation is customarily valid for up to 36 months.

A handwritten signature in dark ink, appearing to read "Isabel V. Hoverman".

Isabel V. Hoverman, MD, MACP  
Chair, Board of Commissioners

Organization ID #7865  
Print/Reprint Date: 02/08/13

A handwritten signature in dark ink, appearing to read "Mark R. Chassin".

Mark R. Chassin, MD, FACP, MPP, MPH  
President

The Joint Commission is an independent, not-for-profit, national body that oversees the safety and quality of health care and other services provided in accredited organizations. Information about accredited organizations may be provided directly to The Joint Commission at 1-800-994-6610. Information regarding accreditation and the accreditation performance of individual organizations can be obtained through The Joint Commission's web site at [www.jointcommission.org](http://www.jointcommission.org).



AMA  
AMERICAN  
MEDICAL  
ASSOCIATION



# Board for Licensing Health Care Facilities

State of



Tennessee

No. of Beds 00000000004  
0304

## DEPARTMENT OF HEALTH

*This is to certify, that a license is hereby granted by the State Department of Health to*

BLOUNT MEMORIAL HOSPITAL INC.

*to conduct and maintain a*

*Hospital*

BLOUNT MEMORIAL HOSPITAL

*Located at*

907 EAST LAMAR ALEXANDER PARKWAY, MARYVILLE

*County of*

BLOUNT

*, Tennessee.*

*This license shall expire*

APRIL 15

*, and is subject*

*to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable, and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the laws of the State of Tennessee or the rules and regulations of the State Department of Health issued thereunder.*

*In Witness Whereof, we have hereunto set our hand and seal of the State this 15TH day of APRIL, 2013.*

*In the District Category(ies) of:*

GENERAL HOSPITAL  
PEDIATRIC BASIC HOSPITAL  
TRAUMA CENTER LEVEL 3



*By* James J. Davis, MPH

DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

*By* John A. Davis, III

COMMISSIONER



STATE OF TENNESSEE  
DEPARTMENT OF HEALTH  
OFFICE OF HEALTH LICENSURE AND REGULATION  
EAST TENNESSEE REGION  
5904 LYONS VIEW PIKE, BLDG. 1  
KNOXVILLE, TENNESSEE 37919

JUN 22 2006

June 21, 2006

Mr. Joseph M. Dawson, Administrator  
Blount Memorial Hospital  
Hospital Pediatric Emergency Care  
907 East Lamar Alexander Parkway  
Maryville, TN 37804

Dear Administrator:

We are pleased to advise you that no deficiencies were cited as a result of the State Licensure survey conducted at your facility on June 13, 2006.

If you have any questions, please contact this office at (865) 588-5656.

Sincerely,

*Faye Vance/afl*  
Faye Vance, R.N., B.S., MSN  
Public Health Nurse Consultant Manager

FV:afl

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  <b>TNP5314</b>	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED  <b>06/13/2006</b>
NAME OF PROVIDER OR SUPPLIER  <b>BLOUNT MEMORIAL HOSPITAL</b>			STREET ADDRESS, CITY, STATE, ZIP CODE <b>907 E LAMAR ALEXANDER PARKWAY MARYVILLE, TN 37804</b>		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE	
P 002	<b>1200-8-30 No Deficiencies</b>  During the Basic Pediatric Emergency Care Facility Licensure Survey at Blount Memorial Hospital on May 12, 2006, no deficiencies were cited for 1200-8-30 Standards for Pediatric Emergency Care Facilities.	P 002			

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

FORM

6590

PTE511

If continuation sheet 1 of 1



STATE OF TENNESSEE  
HEALTH SERVICES AND DEVELOPMENT AGENCY

500 Deaderick Street  
Suite 850  
Nashville, Tennessee 37243  
741-2364

May 14, 2013

Jane Nelson, Assistant Administrator  
Blount Memorial Hospital  
907 E. Lamar Alexander Parkway  
Maryville, TN 37804

RE: Certificate of Need Application CN1305-015  
Blount Memorial Hospital, Inc.

Dear Ms. Nelson,

This will acknowledge our May 7, 2013 receipt of your application for a Certificate of Need for the initiation of magnetic resonance imaging (MRI) services in Blount County and the acquisition of an MRI scanner through purchase at Blount Memorial Hospital's outpatient medical offices located at 266 Joule St., Alcoa (Blount County), Tennessee 37701.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by 12:00 p.m., Tuesday, May 21, 2013. If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

---

**1. Bed Complement Data Chart**

There appears to be a clerical error by placing "94" in the beds proposed column for surgical beds. Please revise and resubmit the bed complement data chart.

**2. Project Description, Section I**

The applicant states there are at least seven patients a month who suffer from claustrophobia who need greater MRI table weight capacity or increased bore width. Please indicate where these patients are currently referred for services.

The applicant states East Tennessee Medical Group was the previous owner of the 266 Joule Street location. Please clarify the date this site and physician practice was acquired by Blount Memorial Hospital.

Please provide a general overview of the primary care services and specialty services that are available at the 266 Joule Street Location.

**3. Project Description, Section II. A**

Please clarify if the applicant plans to surrender the CON for an MRI at the current Sunnybrook location.

The applicant states when the East Tennessee Medical Group owned the existing building, they intended to place an MRI in the building, but were not successful in obtaining a CON. Please provide a brief overview of the previously filed CON and the reason why it was denied.

What is the strength of the MRI that is slated to be removed from Springbrook?

What are the plans for the Springbrook Outpatient Diagnostic Center? Is the applicant planning to close the ODC?

**4. Section B, Project Description, Item II. C**

Please indicate what other outpatient medical equipment will also be moved to the 266 Joule Street location.

**5. Section B, Project Description, Item II. C. E. 1-3**

The applicant's response to the three questions on pages 10 is noted. However, please provide a response underneath each question (1-3) rather than answering each question together at the end in a paragraph.

**6. Section B, Project Description, Item II. C. 3.**

The applicant states the approval of a 3 Tesla MRI would provide less patient referrals to Knoxville to obtain use of a 3T wide bore MRI. Which provider does the applicant refer patients for 3 Tesla MRI services and approximately how many per month?

The applicant states the new 3 tesla MRI would have a weight capacity of 500 pounds. The applicant also states Blount Memorial Hospital is a Bariatric Center of Excellence. Where does the applicant plan to refer patients who weigh more than 500 lbs. for MRI services?

The total cost of \$2,209,245 in replacing the existing MRI is noted. Are there any government fees or taxes in the cost of replacing the proposed MRI?

**7. Section B, Project Description, Item III. (A)**

The provided plot plan is noted. Please provide a more legible plot plan and indicate the location of the proposed MRI structure on the site.

**8. Section C, Need Item 1**

Please discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan."

Please indicate when the applicant plans to achieve the minimum standard of 2,880 MRI procedures per year for the proposed relocated 3.0 Tesla MRI according to the State Health Plan, Certificate of Need Standards and Criteria for Magnetic Resonance Imaging Services.

**9. Section C, Need Item 4.A.**

Your response to this item is noted. Using population data from the Department of Health, enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, please complete the following table and include data for each county in your proposed service area.

<i>Variable</i>	<i>County 1</i>	<i>County 2</i>	<i>County 3</i>	<i>Service Area</i>	<i>Tennessee</i>
<b><i>Current Year (CY), Age 65+</i></b>					
<b><i>Projected Year (PY), Age 65+</i></b>					
<b><i>Age 65+, % Change</i></b>					
<b><i>Age 65+, % Total (PY)</i></b>					
<b><i>CY, Total Population</i></b>					
<b><i>PY, Total Population</i></b>					
<b><i>Total Pop. % Change</i></b>					
<b><i>TennCare Enrollees</i></b>					
<b><i>TennCare Enrollees as a % of Total Population</i></b>					
<b><i>Median Age</i></b>					
<b><i>Median Household Income</i></b>					
<b><i>Population % Below Poverty Level</i></b>					

**10. Section C, Need, Item 6---MRI**

Please provide an estimate of referrals by specialty to the applicant's MRI service during the first year of operation:

Specialty	# MRI Referrals
Family Practice	
Internal Medicine	
Pediatrics	
OB/GYN	
Orthopedics	
General Surg	
Radiology	
Neurology	
Neurosurgery	
Podiatry	
Oncology	
Cardiology	
Urology	
Other _____	
Other _____	
Other _____	
TOTAL	

**11. Section C, Economic Feasibility, Item 3**

Please recheck the cost per square foot in the amount of \$899.00 and submit a replacement page if necessary.

Please compare this project's cost per square foot to cost per square foot ranges of previously approved projects found in the "Applicant's Toolbox" on the HSDA website ([www.tn.gov/hsda](http://www.tn.gov/hsda)) or provide specific examples supporting the reasonableness of proposed project costs.

**12. Section C, Economic Feasibility, Item 4. (Historical Data Chart and Projected Data Chart)**

The historical data chart provided on page 21 a is noted. Please clarify if this historical data chart is for the MRI located at Sunnybrook. If so, please resubmit the Historical Data Chart with the revised HSDA projected data chart that includes management fees. A sample historical data chart is enclosed.

Please provide a Historical Data Chart for Blount Memorial Hospital that includes management fees. Please use the above mentioned historical data chart.

Please clarify the reason there are not funds allocated in Year One in the Projected Data Chart for the MRI service contract.

Please provide a Projected Data Chart that includes management fees. A revised Projected Data Chart is included as an attachment.

**13. Section C, Economic Feasibility, Item 6.B.**

Please compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) codes (s).

Please provide a comparison of the applicant facility's proposed charges to the range of charges generated from the HSDA Equipment Registry found in the "Applicant's Toolbox" on the HSDA website ([www.tn.gov/hsda](http://www.tn.gov/hsda)).

**14. Section C., Economic Feasibility, Item 8**

The projected income figures of \$1,289,009 and \$984,840 do not match the projected data chart. Please clarify.

**15. Section C., Economic Feasibility, Item 9.**

Please report the estimated dollar amount of revenue anticipated from each of TennCare/Medicaid and Medicare.

**16. Section C. Orderly Development, Item 7 (a)**

Please verify that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Substance Abuse Services, the Department of Intellectual and Developmental Disabilities, and/or any applicable Medicare requirements.

**17. Section C. Orderly Development, Item 8 (c)**

Please provide a copy of the latest Joint Commission survey.

**18. Section C. Orderly Development, Item 9 and 10**

Please respond to questions 9 and 10. These questions are applicable to all applicants.

19. **Section C. Orderly Development, Item 11**

Please submit the 2012 utilization by payor source, by county and updated equipment registration for Blount Memorial Hospital at Springbrook to Alecia Craighead, Statistical Analyst, Health Services and Development Agency.

Please also submit the 2012 utilization by payor source, by county for Blount Memorial Hospital to Alecia Craighead, Statistical Analyst, Health Services and Development Agency.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application the sixtieth (60<sup>th</sup>) day after written notification is July 12, 2013. If this application is not deemed complete by this date, the application will be deemed void.** Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Re-submittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and

J. Nelson  
May 15, 2013  
Page 7

placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited,

Should you have any questions or require additional information, please contact me at 615-741-7819.

Sincerely,

A handwritten signature in cursive script, reading "Phillip M. Earhart". The signature is written in dark ink and is positioned above the printed name and title.

Phillip M. Earhart  
Health Services Development Examiner

Enclosure

### HISTORICAL DATA CHART

Give information for the last *three (3)* years for which complete data are available for the facility or agency.  
The fiscal year begins in \_\_\_\_\_ (Month).

	Year_____	Year_____	Year_____
A. Utilization Data (Specify unit of measure)	_____	_____	_____
B. Revenue from Services to Patients			
1. Inpatient Services	\$_____	\$_____	\$_____
2. Outpatient Services	_____	_____	_____
3. Emergency Services	_____	_____	_____
4. Other Operating Revenue (Specify)_____	_____	_____	_____
<b>Gross Operating Revenue</b>	<b>\$_____</b>	<b>\$_____</b>	<b>\$_____</b>
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$_____	\$_____	\$_____
2. Provision for Charity Care	_____	_____	_____
3. Provisions for Bad Debt	_____	_____	_____
<b>Total Deductions</b>	<b>\$_____</b>	<b>\$_____</b>	<b>\$_____</b>
<b>NET OPERATING REVENUE</b>	<b>\$_____</b>	<b>\$_____</b>	<b>\$_____</b>
D. Operating Expenses			
1. Salaries and Wages	\$_____	\$_____	\$_____
2. Physician's Salaries and Wages	_____	_____	_____
3. Supplies	_____	_____	_____
4. Taxes	_____	_____	_____
5. Depreciation	_____	_____	_____
6. Rent	_____	_____	_____
7. Interest, other than Capital	_____	_____	_____
8. Management Fees:			
a. Fees to Affiliates	_____	_____	_____
b. Fees to Non-Affiliates	_____	_____	_____
9. Other Expenses – Specify	_____	_____	_____
<b>Total Operating Expenses</b>	<b>\$_____</b>	<b>\$_____</b>	<b>\$_____</b>
E. Other Revenue (Expenses) – Net (Specify)_____	\$_____	\$_____	\$_____
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$_____</b>	<b>\$_____</b>	<b>\$_____</b>
F. Capital Expenditures			
1. Retirement of Principal	\$_____	\$_____	\$_____
2. Interest	_____	_____	_____
<b>Total Capital Expenditures</b>	<b>\$_____</b>	<b>\$_____</b>	<b>\$_____</b>
<b>NET OPERATING INCOME (LOSS)</b>			
<b>LESS CAPITAL EXPENDITURES</b>	<b>\$_____</b>	<b>\$_____</b>	<b>\$_____</b>

### PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in \_\_\_\_\_ (Month).

	Year _____	Year _____
A. Utilization Data (Specify unit of measure)	_____	_____
B. Revenue from Services to Patients		
1. Inpatient Services	\$ _____	\$ _____
2. Outpatient Services	_____	_____
3. Emergency Services	_____	_____
4. Other Operating Revenue (Specify) _____	_____	_____
<b>Gross Operating Revenue</b>	<b>\$ _____</b>	<b>\$ _____</b>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$ _____	\$ _____
2. Provision for Charity Care	_____	_____
3. Provisions for Bad Debt	_____	_____
<b>Total Deductions</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>NET OPERATING REVENUE</b>	<b>\$ _____</b>	<b>\$ _____</b>
D. Operating Expenses		
1. Salaries and Wages	\$ _____	\$ _____
2. Physician's Salaries and Wages	_____	_____
3. Supplies	_____	_____
4. Taxes	_____	_____
5. Depreciation	_____	_____
6. Rent	_____	_____
7. Interest, other than Capital	_____	_____
8. Management Fees:		
a. Fees to Affiliates	_____	_____
b. Fees to Non-Affiliates	_____	_____
9. Other Expenses – Specify _____	_____	_____
<b>Total Operating Expenses</b>	<b>\$ _____</b>	<b>\$ _____</b>
E. Other Revenue (Expenses) -- Net (Specify) _____	\$ _____	\$ _____
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ _____</b>	<b>\$ _____</b>
F. Capital Expenditures		
1. Retirement of Principal	\$ _____	\$ _____
2. Interest	_____	_____
<b>Total Capital Expenditures</b>	<b>\$ _____</b>	<b>\$ _____</b>

**NET OPERATING INCOME (LOSS)**  
**LESS CAPITAL EXPENDITURES**

\$ \_\_\_\_\_ \$ \_\_\_\_\_

**HISTORICAL DATA CHART-OTHER EXPENSES**

**OTHER EXPENSES CATEGORIES**

	<b>Year</b> _____	<b>Year</b> _____	<b>Year</b> _____
1.	\$ _____	\$ _____	\$ _____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____
6.	_____	_____	_____
7.	_____	_____	_____
<b>Total Other Expenses</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>

**PROJECTED DATA CHART-OTHER EXPENSES**

**OTHER EXPENSES CATEGORIES**

	<b>Year</b> _____	<b>Year</b> _____
1.	\$ _____	\$ _____
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____
6.	_____	_____
7.	_____	_____
<b>Total Other Expenses</b>	<b>\$ _____</b>	<b>\$ _____</b>



STATE OF TENNESSEE  
HEALTH SERVICES AND DEVELOPMENT AGENCY  
500 Deaderick Street  
Suite 850  
Nashville, Tennessee 37243  
741-2364

May 14, 2013

Jane Nelson, Assistant Administrator  
Blount Memorial Hospital  
907 E. Lamar Alexander Parkway  
Maryville, TN 37804

RE: Certificate of Need Application CN1305-015  
Blount Memorial Hospital, Inc.

Dear Ms. Nelson,

This will acknowledge our May 20, 2013 receipt of your responses to supplemental questions of your application for a Certificate of Need for the initiation of magnetic resonance imaging (MRI) services in Blount County and the acquisition of an MRI scanner through purchase at Blount Memorial Hospital's outpatient medical offices located at 266 Joule St., Alcoa (Blount County), Tennessee 37701.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

**Please submit responses in triplicate by 12:00 p.m., Tuesday, May 28, 2013.** If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

---

**1. Supplemental Response**

The applicant responded to supplemental questions with only a response. In answering questions, please type the question and the response. Please **resubmit** your first supplemental response in this format and include any additional questions included with this supplemental request.

**2. Section B, Project Description, Item III. (A)**

The provided plot plan is noted. Please indicate the location of the proposed MRI on the plot plan.

3. Section C, Economic Feasibility, Item 4. (Historical Data Chart and Projected Data Chart)

Please resubmit the Springbrook Historical Data Chart with the revised HSDA projected data chart that includes management fees. A sample historical data chart is enclosed.

Please provide a Historical Data Chart for Blount Memorial Hospital that includes management fees.

Please provide a Projected Data Chart that includes management fees. A revised Projected Data Chart is included as an attachment.

4. Section C., Economic Feasibility, Item 9.

Please report the estimated dollar amount of revenue anticipated from each of TennCare/Medicaid and Medicare in Year One and Year Two. The mathematical equation is gross revenue x percentage of TennCare/Medicaid and/or Medicare=estimated dollar amount.

5. Section C. Orderly Development, Item 11

The submission of medical equipment data to HSDA is incomplete. Please resubmit the 2012 utilization by payor source, by county and updated equipment registration for Blount Memorial Hospital and Blount Memorial Hospital at Springbrook to Alecia Craighead, Statistical Analyst, Health Services and Development Agency. Please contact Ms. Craighead at 615-253-2782 if you have any questions.

6. Affidavit

A signed and notarized affidavit must be submitted with each filing of an application and supplemental information. An affidavit was not included with the previous supplemental response. Please submit a completed affidavit for this supplemental information request.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application the sixtieth (60<sup>th</sup>) day after written notification is July 12, 2013. If this application is not deemed complete by this date, the application will be deemed void.** Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline

will result in the application being considered withdrawn and returned to the contact person. Re-submittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please contact me at 615-741-7819.

Sincerely,



Phillip M. Earhart  
Health Services Development Examiner

Enclosure

### HISTORICAL DATA CHART

Give information for the last *three (3)* years for which complete data are available for the facility or agency.  
The fiscal year begins in \_\_\_\_\_ (Month).

	Year_____	Year_____	Year_____
A. Utilization Data (Specify unit of measure)	_____	_____	_____
B. Revenue from Services to Patients			
1. Inpatient Services	\$_____	\$_____	\$_____
2. Outpatient Services	_____	_____	_____
3. Emergency Services	_____	_____	_____
4. Other Operating Revenue (Specify)_____	_____	_____	_____
<b>Gross Operating Revenue</b>	<b>\$_____</b>	<b>\$_____</b>	<b>\$_____</b>
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$_____	\$_____	\$_____
2. Provision for Charity Care	_____	_____	_____
3. Provisions for Bad Debt	_____	_____	_____
<b>Total Deductions</b>	<b>\$_____</b>	<b>\$_____</b>	<b>\$_____</b>
<b>NET OPERATING REVENUE</b>	<b>\$_____</b>	<b>\$_____</b>	<b>\$_____</b>
D. Operating Expenses			
1. Salaries and Wages	\$_____	\$_____	\$_____
2. Physician's Salaries and Wages	_____	_____	_____
3. Supplies	_____	_____	_____
4. Taxes	_____	_____	_____
5. Depreciation	_____	_____	_____
6. Rent	_____	_____	_____
7. Interest, other than Capital	_____	_____	_____
8. Management Fees:			
a. Fees to Affiliates	_____	_____	_____
b. Fees to Non-Affiliates	_____	_____	_____
9. Other Expenses – Specify	_____	_____	_____
<b>Total Operating Expenses</b>	<b>\$_____</b>	<b>\$_____</b>	<b>\$_____</b>
E. Other Revenue (Expenses) – Net (Specify)_____	\$_____	\$_____	\$_____
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$_____</b>	<b>\$_____</b>	<b>\$_____</b>
F. Capital Expenditures			
1. Retirement of Principal	\$_____	\$_____	\$_____
2. Interest	_____	_____	_____
<b>Total Capital Expenditures</b>	<b>\$_____</b>	<b>\$_____</b>	<b>\$_____</b>
<b>NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES</b>	<b>\$_____</b>	<b>\$_____</b>	<b>\$_____</b>

### PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in \_\_\_\_\_ (Month).

	Year _____	Year _____
A. Utilization Data (Specify unit of measure)	_____	_____
B. Revenue from Services to Patients		
1. Inpatient Services	\$ _____	\$ _____
2. Outpatient Services	_____	_____
3. Emergency Services	_____	_____
4. Other Operating Revenue (Specify) _____	_____	_____
<b>Gross Operating Revenue</b>	<b>\$ _____</b>	<b>\$ _____</b>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$ _____	\$ _____
2. Provision for Charity Care	_____	_____
3. Provisions for Bad Debt	_____	_____
<b>Total Deductions</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>NET OPERATING REVENUE</b>	<b>\$ _____</b>	<b>\$ _____</b>
D. Operating Expenses		
1. Salaries and Wages	\$ _____	\$ _____
2. Physician's Salaries and Wages	_____	_____
3. Supplies	_____	_____
4. Taxes	_____	_____
5. Depreciation	_____	_____
6. Rent	_____	_____
7. Interest, other than Capital	_____	_____
8. Management Fees:		
a. Fees to Affiliates	_____	_____
b. Fees to Non-Affiliates	_____	_____
9. Other Expenses – Specify _____	_____	_____
<b>Total Operating Expenses</b>	<b>\$ _____</b>	<b>\$ _____</b>
E. Other Revenue (Expenses) -- Net (Specify) _____	\$ _____	\$ _____
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ _____</b>	<b>\$ _____</b>
F. Capital Expenditures		
1. Retirement of Principal	\$ _____	\$ _____
2. Interest	_____	_____
<b>Total Capital Expenditures</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>NET OPERATING INCOME (LOSS)</b>		

LESS CAPITAL EXPENDITURES

\$ \_\_\_\_\_ \$ \_\_\_\_\_

**HISTORICAL DATA CHART-OTHER EXPENSES**

**OTHER EXPENSES CATEGORIES**

	Year _____	Year _____	Year _____
1.	\$ _____	\$ _____	\$ _____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____
6.	_____	_____	_____
7.	_____	_____	_____
<b>Total Other Expenses</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>

**PROJECTED DATA CHART-OTHER EXPENSES**

**OTHER EXPENSES CATEGORIES**

	Year _____	Year _____
1.	\$ _____	\$ _____
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____
6.	_____	_____
7.	_____	_____
<b>Total Other Expenses</b>	<b>\$ _____</b>	<b>\$ _____</b>

# **Copy**

**Additional Information for  
Supplemental #2**

**Blount Memorial Hospital**

**CN1305-015**

2. Identify the funding sources for this project.

a. Please check the applicable item(s) below and briefly summarize how the project will be financed. **(Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility – 2.)**

A. Commercial loan – Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;

B. Tax-exempt bonds – Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;

C. General obligation bonds – Copy of resolution from issuing authority or minutes from the appropriate meeting.

D. Grants – Notification of intent form for grant application or notice of grant award; or

**X E. Cash Reserves – Appropriate documentation from Chief Financial Officer.**

F. Other – Identify and document funding from all other sources

**Response:**

**We will utilize cash reserves. Please refer to the confirmation letter from our CFO in Appendix C (2) a.**

3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

**Response:**

**The cost per square foot including construction costs of \$ 347,000, Architectural/Engineering fees of \$ 32,000 and contingency fees of \$ 35,000 based on 883 square feet is \$ 469. In checking the Agency's Communique over the past four months, there isn't a similar project on the Agenda that was approved by the Agency to provide comparative cost figures.**

<u>Facility</u>	<u>Average 2011 Charge</u>
Ft. Sanders Regional Med. Center	\$ 1,882
Ft. Sanders West Center	\$ 1,930
Physicians Regional Center	\$ 3,041
University of TN Med. Center	\$ 3,316
Turkey Creek Med. Center	\$ 3,284
Blount Memorial Springbrook	\$ 2,370

The five other hospital-based facilities average charge in 2011 was \$ 2,691 compared to Blount Memorial average charge of \$2,370 for that same time period. Based on the available historical data, the area hospital increases have ranged from 1.3% increase to a 21% increase. Blount Memorial's average increase was 3.8% comparatively. We are showing the same increases in the projected years, but there is no way to speculate what other facilities will do with their charges in the future.

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

**Response:**

As indicated, combining our diagnostic services will achieve a level of improved operational efficiency. The projected statements for the MRI re-located service show a positive net income.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

**Response:**

The projected Income statements show net income of \$1,193,833 in Year One and \$ 903,965 in Year Two.

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

**Response:**

Based on projected Gross Revenue of \$7,679,860 in Year One, TennCare will represent \$921,583 of gross charges in Year One, and based on \$8,132,190 of Gross charges in Year Two, TennCare will represent \$975,863 of gross charges. Comparatively,

Medicare/Medicare Advantage will represent \$2,373,077 of gross charges in Year One and \$ 2,512,847 of gross charges in Year Two.

10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alphanumeric order and labeled as Attachment C, Economic Feasibility-10.

**Response:**

Refer to Appendix C-10 for copies of the audited financial statements for the past two years.

11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:
  - A. A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.

**Response:**

As alternative to upgrading and re-locating the MRI from Springbrook to ETMG, the following options were considered:

- (1) Keep the MRI and other diagnostic equipment at Springbrook and simply upgrade the existing MRI at Springbrook. The cost of the upgrade is \$700,000, and wouldn't provide the increase in bore size or the increase in table weight capacity along with the other advantages of the latest technology. In addition, we would still be operating two diagnostic services 1.6 miles apart and not achieve the operational savings.
- (2) Upgrade the current MRI and move it to ETMG location. Again the cost would be \$700,000 for the upgrade and still not have the increase in bore size or the increase in table weight along with the other advantages of this latest technology. In addition, we would have to rent a mobile MRI during downtime for a minimum of \$65,000.

Given the age of the existing MRI, its limitations, the advantages of the 3-T MRI, and the desire to achieve operational efficiencies, upgrading and re-locating the MRI was the better choice.

- B. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.



## State of Tennessee

### Health Services and Development Agency

Frost Building, 3<sup>rd</sup> Floor, 161 Rosa L. Parks Boulevard, Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda) Phone: 615-741-2364/Fax: 615-741-9884

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June 1, 2013

Jane Nelson, Assistant Administrator  
Blount Memorial Hospital  
907 E. Lamar Alexander Parkway  
Maryville, TN 37804

RE: Certificate of Need Application -- Blount Memorial Hospital - CN1305-015

Dear Ms. Nelson:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need for the initiation of magnetic resonance imaging (MRI) services in Blount County and the acquisition of an MRI scanner through purchase at Blount Memorial Hospital's outpatient medical offices located at 266 Joule St., Alcoa (Blount County), Tennessee 37701. The proposed service area is Blount County. The estimated project cost is \$2,214,216.

Please be advised that your application is now considered to be complete by this office. Your application is being forwarded to the Tennessee Department of Health and/or its representative for review.

In accordance with Tennessee Code Annotated, §68-11-1601, et seq., as amended by Public Chapter 780, the 60-day review cycle for this project will begin on June 1, 2013. The first sixty (60) days of the cycle are assigned to the Department of Health, during which time a public hearing may be held on your application. You will be contacted by a representative from this Agency to establish the date, time and place of the hearing should one be requested. At the end of the sixty (60) day period, a written report from the Department of Health or its representative will be forwarded to this office for Agency review within the thirty (30)-day period immediately following. You will receive a copy of their findings. The Health Services and Development Agency will review your application on August 28, 2013.

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Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have questions or require additional information, please contact me.

Sincerely,



Melanie M. Hill  
Executive Director

MMH:mab

cc: Dan Henderson, Director, Division of Health Statistics



## State of Tennessee

### Health Services and Development Agency

Frost Building, 3<sup>rd</sup> Floor, 161 Rosa L. Parks Boulevard, Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda) Phone: 615-741-2364/Fax: 615-741-9884

## **MEMORANDUM**

TO: Dan Henderson, Director  
Office of Policy, Planning and Assessment  
Division of Health Statistics  
Cordell Hull Building, 6th Floor  
425 Fifth Avenue North  
Nashville, Tennessee 37247

FROM: Melanie M. Hill  
Executive Director

DATE: June 1, 2013

RE: Certificate of Need Application  
Blount Memorial Hospital - CN1305-015

Please find enclosed an application for a Certificate of Need for the above-referenced project.

This application has undergone initial review by this office and has been deemed complete. It is being forwarded to your agency for a sixty (60) day review period to begin on June 1, 2013 and end on August 1, 2013.

Should there be any questions regarding this application or the review cycle, please contact this office.

MMH:mab

Enclosure

cc: Jane Nelson, Assistant Administrator



2013 MAY -5 PM 10:16

## LETTER OF INTENT TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the The Daily Times which is a newspaper of general circulation in Blount County, Tennessee, on or before May 3, 2013 for one day.

(Name of Newspaper)  
(County)  
(Month / day)  
(Year)

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency,

Blount Memorial Hospital, Incorporated

(Name of Applicant)

Hospital

(Facility Type-Existing)

owned by: Blount Memorial Hospital, Incorporated with an ownership type of no-for-profit corporation

and to be managed by: Blount Memorial Hospital intends to file an application for a Certificate of Need for [PROJECT DESCRIPTION BEGINS HERE]:

Blount Memorial Hospital is seeking approval to upgrade its existing MRI that serves outpatients and relocate it from Blount Memorial's Springbrook Health Center located 220 Associates Blvd., Alcoa, TN to Blount Memorial's East TN Medical Group site located at 266 Joule Street, Alcoa, TN, 37701, which is 1.6 miles from its existing site. The existing MRI will be replaced with a 3-T system that provides the latest technology available, and provides an increase in the bore size from 60 cm to 70 cm and increases the table weight capability from 350 pounds to 500 pounds. Moving the MRI to Blount Memorial's East TN Medical Group location we achieve greater efficiency in operation by combining it with other diagnostic equipment located at the site. The total cost of the project including removal of the existing MRI, the purchase price of the new MRI, and renovation at the Blount Memorial East TN Medical Group site to accommodate the new MRI, including CON fee is expected to be \$2,214,216.

The anticipated date of filing the application is: Wednesday, May 8, 2013

The contact person for this project is Jane Nelson

(Contact Name)

Assistant Administrator

(Title)

who may be reached at: Blount Memorial Hospital

(Company Name)

907 E. Lamar Alexander Parkway

(Address)

Maryville

(City)

TN

(State)

37804

(Zip Code)

865-981-2310

(Area Code / Phone Number)



(Signature)

April 30, 2013

(Date)

JNelson@bmnet.com

(E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency  
The Frost Building, Third Floor  
161 Rosa L. Parks Boulevard  
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

**Copy**

**Supplemental #1**

**Blount Memorial Hospital**

**CN1305-015**



**Blount Memorial**  
Hospital

907 East Lamar Alexander Parkway  
Maryville, Tennessee 37804  
865-983-7211

2013 MAY 20 AM 10 01

May 15, 2013

Philip Earhart  
Health Services Development Agency Examiner  
Health Services and Development Agency  
161 Rosa L. Parks Boulevard  
Nashville, TN 37203

RE: Certificate of Need Application CN1305-015  
Supplemental questions

Dear Mr. Earhart:

In response to the supplemental questions you submitted, I have responded to each questions as indicated below:

1. Bed Complement Data Chart

**Response: Enclosed please find the corrected chart.**

2. Section 1 Project Description

**Response:**

**We have not kept data regarding the location that patients were referred to, only that a patient had to be referred. However, the staff said that patients would likely be referred to the University of TN Medical Center or Parkwest Hospital, a member of Covenant Health.**

**The effective date that Blount Memorial Hospital owned the building that was previously owned by East Tennessee Medical Group was October 1, 2012. The Warranty Deed was recorded October 26, 2012. We did not 'purchase' the practice, just the building and its contents. The physicians became part of Blount Memorial Physician Group. The physicians who practice at that site include Family Practice, Internal Medicine, Gynecologist, Pulmonologists, Neurologists, Cardiologists, Rheumatologists, Oncologist, General Surgeons, and Vascular Surgeon. In addition, there is a walk-in clinic that operates with extended hours in the evenings and weekends.**

3. Project Description, Section II.A

**Response:**

**SUPPLEMENTAL- # 1**

**May 20, 2013**

**Robert Redwing** 10:01 am  
President of the Board

**Dr. Ted Flickinger**  
Vice President of the Board

**Don Heinemann**  
Chief Executive Officer

**Medical Staff**

**Dr. John Niethammer**  
Chief of Staff

**Dr. Teresa Catron**  
Vice Chief of Staff

**Dr. Julie Turner**  
Secretary/Treasurer

**Dr. Deaver Shattuck**  
Immediate Past Chief of Staff

We weren't sure if the existing CON would be transferred or a new one issued, but yes the Hospital will surrender the existing CON for the MRI at its current Springbrook location.

At the time ETMG applied for an MRI, Blount Memorial had its MRI in operation at both the hospital location and at Springbrook. The ETMG applicant indicated that the group had difficulty getting patients scheduled at either location. It was proven otherwise at the hearing and the ETMG application was denied. I don't have the exact reason recorded by Health Development Agency, but that is my understanding of why the application was not approved. Blount Memorial demonstrated that we had the capacity to accommodate the practices' referrals.

The strength of the MRI that will be removed from the Springbrook location is a 1.5T, 60 cm bore, with table capacity of 350 pounds.

We have no plans to close our Springbrook site as it also a site for our Outpatient Rehabilitation (PT, OT, ST) services, an Occupational Medicine Clinic, a Family Practice Clinic, a Pediatric Practice and our Wellness Facility. We will likely keep X-ray capability at Springbrook, but as indicated, the other diagnostic equipment will be moved to the ETMG site.

4. Section B, Project Description, Item II. C

**Response:**

The other diagnostic equipment that will be moved from the Springbrook site includes some of the diagnostic x-ray equipment and ultrasound equipment. We also have a CT at the Springbrook site but plan to move it to the hospital as it is a newer model and will replace an older model CT at the hospital.

5. Section B, Project Description, Item II. C. E. 1-3

**Response:** The response is provided under each question as requested.

1. For Fixed-site major medical equipment (not replacing existing equipment):

- (a) Describe the new equipment, including:
  - 1. Total Cost; (as defined by Agency Rule).
  - 2. Expected useful life;
  - 3. List of clinical applications to be provided; and
  - 4. Documentation of FDA approval

**Response:** This question pertains to new equipment, not replacing existing equipment. However, we are proposing to replace and move existing services. We are proposing to upgrade our existing equipment to a 3-T wide bore MRI.

- (1) Total Cost of the project, including filing fee = \$2,214,216

(2) **Expected useful life:** Depreciation is based on five years per accounting standards; from a practical standpoint, we expect its useful life to be eight years;

(3) **Clinical applications** – With the latest MRI technology we expect improved image quality, and faster scans to provide MRI for the entire body including, but not limited to head, neck, TMJ, spine, breast, heart, abdomen, pelvis, joints, prostate, blood vessels, and musculoskeletal regions of the body.

(4) **Documentation of FDA Approval** - Appendix C-1- a of the application has an FDA letter and is included with this letter too.

- b. Provide current and proposed schedule of operations.

**Response:**

**The current and proposed hours of operation are from 8:00am – 5:00 pm, but as necessary, the staff will stay to serve patients that may run over that time frame.**

2. For mobile major medical equipment:

**Response: Not Applicable.**

3. Indicate applicant's legal interest in equipment (own or lease). In the case of equipment purchased include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

**Response: As indicated, Blount Memorial plans to purchase the replacement MRI. The quote from the manufacturer is provided in Appendix B-E-3 (a) and the purchase price for the MRI is listed as \$1,747,195.**

6. Section B, Project Description, Item II. C. 3.

**Response:**

**As indicated we send approximately seven patients per month because of the weight limitations of the existing MRI, and approximately eight patients a month because of claustrophobia for a total of 15 patients referred per month. We do not keep track of the referred location for these patients, but we believe most are referred to the University of TN Medical Center, with some going to Parkwest Medical Center.**

**If a patient weighs more than 500 pounds, we are not aware of an MRI in this area that could accommodate a patient over this weight and the patient is simply not able to have an MRI.**

**There are no government fees or taxes associated with the cost of replacing the proposed MRI.**

7. Section B, Project Description, Item III (A)

**Response:**

**Enclosed please find another plot plan for the ETMG site. The difficulty with legibility is that it was condensed to 8" by 11" from a much larger plan.**

**8. Section C, Need Item I****Response:**

**The State of TN Health Plan's Five Principles for Achieving Better Health include:**

- (1) Healthy Lives – improving physical activity, reducing obesity, reducing tobacco use, improving mental health and environmental quality and assuring children are immunized. It is difficult to directly relate the continued service of an MRI with these initiatives. However, as indicated we are a Bariatric Center of Excellence and have a Weight Management program that provides alternatives to surgery and have sponsored a Community Health Initiative since 1995 that has addressed all of the Healthy Lives issues. Our providers address these patient related issues on a daily basis and MRI services can aid in the diagnosis of these health related problems. We serve all payer groups, including the provision of charity care. Blount County, our primary service area, ranks 4<sup>th</sup> in the State in terms of the 'healthiest' according to "County Health Rankings and Roadmaps" as prepared by the University of Wisconsin Research.**
- (2) Access to Care – As indicated we provide services to all payer groups including charity care provisions.**
- (3) Economic Efficiencies – Our proposed project would create greater efficiencies by combining diagnostic services to one primary location. Tennessee's health care spending is likely higher than other State's due to its health ranking and its 'health' rankings are primarily due to life style choices.**
- (4) Quality of Care – Blount Memorial Hospital actively engages in continuous quality improvement efforts. We are Joint Commission accredited, including Joint Commission accreditation for Stroke, we have the distinction of being the only hospital in East TN to be ranked in the top 5% of the nation for clinical performance and are the second year recipient of the Distinguished Hospital for Clinical Excellence from Healthgrades, including Healthgrade top awards in Coronary Intervention, GI procedures, General Surgery, and Pulmonary Care.**
- (5) Health Care Workforce – Again, it's difficult to say how this project directly affects the provision of a qualified workforce. However, we do work with area schools to provide a learning environment for**

RN's, medical school students, pharmacy residents, LPN's,  
Radiological staff and other staff as needed.

As indicated in the projected income statements, we expect the outpatient MRI volume to approximate 2,594 at the proposed ETMG site by Year Two. At this growth rate, plus with our ability to treat patients that we refer out we would expect to achieve the minimum standard of 2,880 volume sometime in year four of operation at the ETMG site.

9. Section C, Need item 4.A

**Response: Refer to the Chart below for the data requested.**

Variable	Blount	Loudon	McMinn	Monroe	Sevier
Current 65+ 2010	18,776	9,733	8,377	7,120	18,690
Projected 65 + 2015	22,024	11,783	9,429	8,477	16,015
Age 65 % change	+ 17.3%	+21.1%	+12.6%	+19.1%	-14.3%
Tot. Current pop.	123,692	46,504	53,914	46,499	86,655
Proj. tot. pop. 2015	130,143	48,679	56,094	49,328	92,702
Tot. pop. Change	+5.2%	+4.7%	+4.0%	+6.1%	+7.0%
TennCare pop. 2012	18,529	6,994	10,314	9,727	15,447
TennC % or pop.	15.0%	15.0%	19.1%	20.9%	17.8%
Med. Household Inc.	\$47,298	\$50,548	\$38,604	\$35,096	\$42,569
Pop. % below Poverty	12.3%	14.0%	18.3%	20.9%	13.5%

Sources: TN Department of Health, TennCare Bureau, US Census Bureau. Note: US Census data (Median Household Income & Population % below Poverty Level) is 2011 data. Also, I could not locate Median Age by County.

10. Section C, Need, Item 6 – MRI

**Response:**

**Based on historical patterns, we expect the referrals to our MRI service by specialty to approximate the following during the first year:**

(See the next page)

<b>Physician Specialty</b>	<b>MRI Referrals</b>
Family Practice	899
Internal Medicine	545
Orthopedics	265
General Surgery	6
Neurology	487
Oncology	29
ENT	86
Rheumatology	53
NeuroSurgeon	29
Other	144
<b>Total MRI Volume</b>	<b>2543</b>

11. Section C, Economic feasibility, Item 3

**Response:**

You are correct as I have calculated the cost per square foot incorrectly. The expected construction cost is \$347,000, Architectural/Engineering fees of \$32,000 and contingency fund of \$35,000 for a total construction related cost of \$414,000. Based on square footage of 883 sq. ft, the cost per square foot is \$469.

In referencing the HSDA "Applicant's Toolbox", there is no comparative cost per square foot data for Outpatient Diagnostic Centers due to insufficient information. If we compare it to the 'Hospital' data in the Toolbox, the comparative data is as follows:

<b>Cost per Square Footage Hospital related Data</b>		
<b>2011</b>		
<b>1<sup>st</sup> Quartile</b>	<b>Median</b>	<b>3<sup>rd</sup> Quartile</b>
<b>\$126</b>	<b>\$178</b>	<b>\$274</b>

While the square footage of the area to be renovated for the MRI is small, there is much involved. An external wall must be removed to insert the MRI, and the walls have to be lined with copper shielding.

12. Section C, Economic Feasibility, Item 4 (Historical Data chart and Projected Data Chart)

**Response:**

The Historic Data Chart is for the MRI located at Springbrook location. We do not contract for the service and have no management fees to report. We do have managers that oversee the service, but they also oversee many other diagnostic services and are not dedicated to MRI.

**We have included the Hospital's audited financial statements which include all expenses for every service including administrative. We do not contract for management services – those in operational positions are employed.**

**In year one of the replacement MRI, there are no service contract fees as the MRI will be under warranty.**

**Again, we have no contract management fees. The managers that oversee the MRI also oversee many other diagnostic services.**

13. Section C, Economic Feasibility, Item 6.B

**Response:**

**The current charges by CPT codes for MRI related procedures are enclosed.**

**The proposed MRI charges in comparison to the "Applicant's Tool Box" is as follows:**

<u>BMH Proposed Average Charge</u>	<u>Year 1</u>	<u>Year 2</u>	
MRI	\$ 3,020	\$ 3,135	
<u>Applicant's Toolbox MRI Rates</u>	<u>1<sup>st</sup> Quartile</u>	<u>Median</u>	<u>3<sup>rd</sup> Quartile</u>
2011 MRI Average Charge	\$ 1,613	\$ 2,095	\$ 3,163

14. Section C., Economic Feasibility, Item 8

**Response:**

**You are correct, the figures stated in this item under the narrative for Net Income do not match the Projected Data Chart and are incorrect. The correct figures *are* reflected in the Projected Data Chart and the narrative response under Section C., Economic Feasibility, Item 8 should indicate Net Income of \$1,193,833 for Year One and \$ 903,965 in Year Two.**

15. Section C., Economic Feasibility, Item 9

**Response:**

**Of the net revenue collected in the projected years, we estimate the TennCare and Medicare/Medicare Advantage amounts in Year One and Year Two to be as follows:**

<u>Payer</u>	<u>Year One Net Revenue</u>	<u>Year Two Net Revenue</u>
TennCare	\$ 147,376	\$ 146,248
Medicare/Advantage	\$ 548,583	\$ 553,014

16. Section C, Orderly Development, Item 7 (a)

**Response:**

**Blount Memorial meets licensure requirements of the Department of Health, the Department of Mental health and Substance Abuse Services, the Department of Intellectual and Developmental Disabilities, and/or applicable Medicare requirements.**

17. Section C. Orderly Development, Item 8 (c)

**Response:**

**Enclosed is a copy of the latest Joint Commission Survey.**

18. Section C. Orderly Development, Item 9 and 10

**Response:**

Our response to Items 9 & 10 are as follows:

(9) Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project.

**Answer:**

**There isn't any person who would have ownership of the project. The replacement MRI is owned and operated by Blount Memorial Hospital only. We do background checks on all prospective employees and would not employ someone who has civil or criminal judgments for fraud or theft.**

(10) If the proposal is approved, please discuss whether the applicant will provide the Tennessee health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

**Answer:**

**Please note that we did respond to this question and as indicated, and we intend to continue to provide the State with all data requests as we have in the past, including data specific to MRI procedures.**

19. Section C. Orderly Development, Item 11

**Response:**

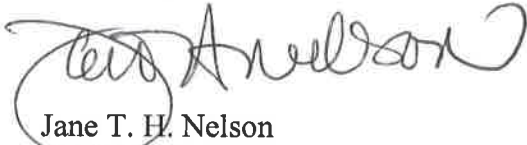
**Please know that we have already submitted the 2012 MRI data for both MRI sites (the Hospital and Springbrook) to Ms. Alecia Craighead, Statistical Analyst, Health Services and Development Agency.**

**May 20, 2013**

**10:01 am**

Once you have had an opportunity to review my responses, please don't hesitate to contact me at 865-981-2310 for additional questions or clarification.

Sincerely,

A handwritten signature in black ink, appearing to read "Jane T. H. Nelson". The signature is fluid and cursive, with the first name "Jane" being more prominent and stylized.

Jane T. H. Nelson  
Assistant Administrator

Enc.

**Blount Memorial Hospital**

**Additional Attachments  
For the  
Supplemental Questions**

9. **Bed Complement Data**

Please indicate current and proposed distribution and certification of facility beds.

2013 MAY 20 AM 10 01

	Current Beds Licensed	*CON	Staffed Beds	Beds Proposed	TOTAL Beds at Completion
A. Medical	157		90		157
B. Surgical	94		64		94
C. Long-Term Care Hospital					
D. Obstetrical	12		12		12
E. ICU/CCU	25		17		25
F. Neonatal					
G. Pediatric					
H. Adult Psychiatric	8		8		8
I. Geriatric Psychiatric					
J. Child/Adolescent Psychiatric					
K. Rehabilitation					
L. Nursing Facility (non-Medicaid Certified)	76		76		76
M. Nursing Facility Level 1 (Medicaid only)					
N. Nursing Facility Level 2 (Medicare only)					
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)					
P. ICF/MR					
Q. Adult Chemical Dependency	8		8		8
R. Child and Adolescent Chemical Dependency					
S. Swing Beds					
T. Mental Health Residential Treatment					
U. Residential Hospice					
<b>TOTAL</b>	380		275		380

\*CON-Beds approved but not yet in service

10. Medicare Provider Number 440011  
Certification Type Hospital

11. Medicaid Provider Number 0440011  
Certification Type Hospital

12. If this is a new facility, will certification be sought for Medicare and/or Medicaid? N/A

13. Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? Yes If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.

Discuss any out-of-network relationships in place with MCOs/BHOs in the area.

**APPENDIX C-1-a**

**FDA LETTER**



DEPARTMENT OF HEALTH & HUMAN SERVICES

**SUPPLEMENTAL- # 1**

**May 20, 2013**

**10:01 am**

Public Health Service

Food and Drug Administration  
10903 New Hampshire Avenue  
Document Control Room – WO66-G609  
Silver Spring, MD 20993-0002

Mr. Toru Shimizu  
Regulatory Affairs Specialist  
GE Healthcare Japan Corporation  
7-127, Asahigaoka 4-Chrome  
Hino-Shi, Tokyo, 191-8503  
JAPAN

SEP 30 2011

Re: K103327  
Trade/Device Name: Discovery MR750w 3.0T System  
Regulation Number: 21 CFR 892.1000  
Regulation Name: Magnetic resonance diagnostic device  
Regulatory Class: II  
Product Code: LNH, LNI and MOS  
Dated: September 2, 2011  
Received: September 7, 2011

Dear Mr. Shimizu:

We have reviewed your Section 510(k) premarket notification of intent to market the device referenced above and have determined the device is substantially equivalent (for the indications for use stated in the enclosure) to legally marketed predicate devices marketed in interstate commerce prior to May 28, 1976, the enactment date of the Medical Device Amendments, or to devices that have been reclassified in accordance with the provisions of the Federal Food, Drug, and Cosmetic Act (Act) that do not require approval of a premarket approval application (PMA). You may, therefore, market the device, subject to the general controls provisions of the Act. The general controls provisions of the Act include requirements for annual registration, listing of devices, good manufacturing practice, labeling, and prohibitions against misbranding and adulteration.

If your device is classified (see above) into class II (Special Controls), it may be subject to such additional controls. Existing major regulations affecting your device can be found in Title 21, Code of Federal Regulations (CFR), Parts 800 to 895. In addition, FDA may publish further announcements concerning your device in the Federal Register.

Please be advised that FDA's issuance of a substantial equivalence determination does not mean that FDA has made a determination that your device complies with other requirements of the Act or any Federal statutes and regulations administered by other Federal agencies. You must comply with all the Act's requirements, including, but not limited to: registration and listing (21 CFR Part 807); labeling (21 CFR Parts 801 and 809); medical device reporting (reporting of

May 20, 2013

10:01 am

Page 2

medical device-related adverse events) (21 CFR 803); and good manufacturing practice requirements as set forth in the quality systems (QS) regulation (21 CFR Part 820). This letter will allow you to begin marketing your device as described in your Section 510(k) premarket notification. The FDA finding of substantial equivalence of your device to a legally marketed predicate device results in a classification for your device and thus, permits your device to proceed to the market.

If you desire specific advice for your device on our labeling regulation (21 CFR Parts 801 and 809), please contact the Office of *In Vitro* Diagnostic Device Evaluation and Safety at (301) 796-5450. Also, please note the regulation entitled, "Misbranding by reference to premarket notification" (21 CFR Part 807.97). For questions regarding the reporting of adverse events under the MDR regulation (21 CFR Part 803), please go to <http://www.fda.gov/MedicalDevices/Safety/ReportaProblem/default.htm> for the CDRH's Office of Surveillance and Biometrics/Division of Postmarket Surveillance.

You may obtain other general information on your responsibilities under the Act from the Division of Small Manufacturers, International and Consumer Assistance at its toll-free number (800) 638-2041 or (301) 796-7100 or at its Internet address <http://www.fda.gov/cdrh/industry/support/index.html>.

Sincerely Yours,



Mary S. Pastel, Sc.D.  
Director  
Division of Radiological Devices  
Office of In Vitro Diagnostic Device  
Evaluation and Safety  
Center for Devices and Radiological Health

Enclosure

May 20, 2013  
10:01 am

510(k) Number (if known): K103327

Device Name: Discovery MR750w 3.0T

**Indications for Use:**

The Discovery MR750w 3.0T is a whole body magnetic resonance scanner designed to support high resolution, high signal-to-noise ratio, and short scan times. It is indicated for use as a diagnostic imaging device to produce axial, sagittal, coronal, and oblique images, spectroscopic images, parametric maps, and/or spectra, dynamic images of the structures and/or functions of the entire body, including, but not limited to, head, neck, TMJ, spine, breast, heart, abdomen, pelvis, joints, prostate, blood vessels, and musculoskeletal regions of the body. Depending on the region of interest being imaged, contrast agents may be used. The images produced by the Discovery MR750w 3.0T reflect the spatial distribution or molecular environment of nuclei exhibiting magnetic resonance. These images and/or spectra when interpreted by a trained physician yield information that may assist in diagnosis.

Prescription Use   X    
(Part 21 CFR 801 Subpart D)

AND/OR

Over-The-Counter Use         
(Part 21 CFR 801 Subpart C)

(PLEASE DO NOT WRITE BELOW THIS LINE - CONTINUE ON ANOTHER PAGE IF NEEDED)

Concurrence of CDRH, Office of In Vitro Diagnostic Devices (OIVD)

Mary Spital

Division Sign-Off  
Office of In Vitro Diagnostic Device  
Evaluation and Safety  
510(k)

PLOT PLAN

7.471 acres

1.12	1.13	1.14	1.15	1.16	1.17	1.18	1.19	1.20	1.21	1.22	1.23	1.24	1.25	1.26	1.27	1.28	1.29	1.30	1.31	1.32	1.33	1.34	1.35	1.36	1.37	1.38	1.39	1.40	1.41	1.42	1.43	1.44	1.45	1.46	1.47	1.48	1.49	1.50	1.51	1.52	1.53	1.54	1.55	1.56	1.57	1.58	1.59	1.60	1.61	1.62	1.63	1.64	1.65	1.66	1.67	1.68	1.69	1.70	1.71	1.72	1.73	1.74	1.75	1.76	1.77	1.78	1.79	1.80	1.81	1.82	1.83	1.84	1.85	1.86	1.87	1.88	1.89	1.90	1.91	1.92	1.93	1.94	1.95	1.96	1.97	1.98	1.99	2.00	2.01	2.02	2.03	2.04	2.05	2.06	2.07	2.08	2.09	2.10	2.11	2.12	2.13	2.14	2.15	2.16	2.17	2.18	2.19	2.20	2.21	2.22	2.23	2.24	2.25	2.26	2.27	2.28	2.29	2.30	2.31	2.32	2.33	2.34	2.35	2.36	2.37	2.38	2.39	2.40	2.41	2.42	2.43	2.44	2.45	2.46	2.47	2.48	2.49	2.50	2.51	2.52	2.53	2.54	2.55	2.56	2.57	2.58	2.59	2.60	2.61	2.62	2.63	2.64	2.65	2.66	2.67	2.68	2.69	2.70	2.71	2.72	2.73	2.74	2.75	2.76	2.77	2.78	2.79	2.80	2.81	2.82	2.83	2.84	2.85	2.86	2.87	2.88	2.89	2.90	2.91	2.92	2.93	2.94	2.95	2.96	2.97	2.98	2.99	3.00	3.01	3.02	3.03	3.04	3.05	3.06	3.07	3.08	3.09	3.10	3.11	3.12	3.13	3.14	3.15	3.16	3.17	3.18	3.19	3.20	3.21	3.22	3.23	3.24	3.25	3.26	3.27	3.28	3.29	3.30	3.31	3.32	3.33	3.34	3.35	3.36	3.37	3.38	3.39	3.40	3.41	3.42	3.43	3.44	3.45	3.46	3.47	3.48	3.49	3.50	3.51	3.52	3.53	3.54	3.55	3.56	3.57	3.58	3.59	3.60	3.61	3.62	3.63	3.64	3.65	3.66	3.67	3.68	3.69	3.70	3.71	3.72	3.73	3.74	3.75	3.76	3.77	3.78	3.79	3.80	3.81	3.82	3.83	3.84	3.85	3.86	3.87	3.88	3.89	3.90	3.91	3.92	3.93	3.94	3.95	3.96	3.97	3.98	3.99	4.00	4.01	4.02	4.03	4.04	4.05	4.06	4.07	4.08	4.09	4.10	4.11	4.12	4.13	4.14	4.15	4.16	4.17	4.18	4.19	4.20	4.21	4.22	4.23	4.24	4.25	4.26	4.27	4.28	4.29	4.30	4.31	4.32	4.33	4.34	4.35	4.36	4.37	4.38	4.39	4.40	4.41	4.42	4.43	4.44	4.45	4.46	4.47	4.48	4.49	4.50	4.51	4.52	4.53	4.54	4.55	4.56	4.57	4.58	4.59	4.60	4.61	4.62	4.63	4.64	4.65	4.66	4.67	4.68	4.69	4.70	4.71	4.72	4.73	4.74	4.75	4.76	4.77	4.78	4.79	4.80	4.81	4.82	4.83	4.84	4.85	4.86	4.87	4.88	4.89	4.90	4.91	4.92	4.93	4.94	4.95	4.96	4.97	4.98	4.99	5.00	5.01	5.02	5.03	5.04	5.05	5.06	5.07	5.08	5.09	5.10	5.11	5.12	5.13	5.14	5.15	5.16	5.17	5.18	5.19	5.20	5.21	5.22	5.23	5.24	5.25	5.26	5.27	5.28	5.29	5.30	5.31	5.32	5.33	5.34	5.35	5.36	5.37	5.38	5.39	5.40	5.41	5.42	5.43	5.44	5.45	5.46	5.47	5.48	5.49	5.50	5.51	5.52	5.53	5.54	5.55	5.56	5.57	5.58	5.59	5.60	5.61	5.62	5.63	5.64	5.65	5.66	5.67	5.68	5.69	5.70	5.71	5.72	5.73	5.74	5.75	5.76	5.77	5.78	5.79	5.80	5.81	5.82	5.83	5.84	5.85	5.86	5.87	5.88	5.89	5.90	5.91	5.92	5.93	5.94	5.95	5.96	5.97	5.98	5.99	6.00	6.01	6.02	6.03	6.04	6.05	6.06	6.07	6.08	6.09	6.10	6.11	6.12	6.13	6.14	6.15	6.16	6.17	6.18	6.19	6.20	6.21	6.22	6.23	6.24	6.25	6.26	6.27	6.28	6.29	6.30	6.31	6.32	6.33	6.34	6.35	6.36	6.37	6.38	6.39	6.40	6.41	6.42	6.43	6.44	6.45	6.46	6.47	6.48	6.49	6.50	6.51	6.52	6.53	6.54	6.55	6.56	6.57	6.58	6.59	6.60	6.61	6.62	6.63	6.64	6.65	6.66	6.67	6.68	6.69	6.70	6.71	6.72	6.73	6.74	6.75	6.76	6.77	6.78	6.79	6.80	6.81	6.82	6.83	6.84	6.85	6.86	6.87	6.88	6.89	6.90	6.91	6.92	6.93	6.94	6.95	6.96	6.97	6.98	6.99	7.00	7.01	7.02	7.03	7.04	7.05	7.06	7.07	7.08	7.09	7.10	7.11	7.12	7.13	7.14	7.15	7.16	7.17	7.18	7.19	7.20	7.21	7.22	7.23	7.24	7.25	7.26	7.27	7.28	7.29	7.30	7.31	7.32	7.33	7.34	7.35	7.36	7.37	7.38	7.39	7.40	7.41	7.42	7.43	7.44	7.45	7.46	7.47	7.48	7.49	7.50	7.51	7.52	7.53	7.54	7.55	7.56	7.57	7.58	7.59	7.60	7.61	7.62	7.63	7.64	7.65	7.66	7.67	7.68	7.69	7.70	7.71	7.72	7.73	7.74	7.75	7.76	7.77	7.78	7.79	7.80	7.81	7.82	7.83	7.84	7.85	7.86	7.87	7.88	7.89	7.90	7.91	7.92	7.93	7.94	7.95	7.96	7.97	7.98	7.99	8.00	8.01	8.02	8.03	8.04	8.05	8.06	8.07	8.08	8.09	8.10	8.11	8.12	8.13	8.14	8.15	8.16	8.17	8.18	8.19	8.20	8.21	8.22	8.23	8.24	8.25	8.26	8.27	8.28	8.29	8.30	8.31	8.32	8.33	8.34	8.35	8.36	8.37	8.38	8.39	8.40	8.41	8.42	8.43	8.44	8.45	8.46	8.47	8.48	8.49	8.50	8.51	8.52	8.53	8.54	8.55	8.56	8.57	8.58	8.59	8.60	8.61	8.62	8.63	8.64	8.65	8.66	8.67	8.68	8.69	8.70	8.71	8.72	8.73	8.74	8.75	8.76	8.77	8.78	8.79	8.80	8.81	8.82	8.83	8.84	8.85	8.86	8.87	8.88	8.89	8.90	8.91	8.92	8.93	8.94	8.95	8.96	8.97	8.98	8.99	9.00	9.01	9.02	9.03	9.04	9.05	9.06	9.07	9.08	9.09	9.10	9.11	9.12	9.13	9.14	9.15	9.16	9.17	9.18	9.19	9.20	9.21	9.22	9.23	9.24	9.25	9.26	9.27	9.28	9.29	9.30	9.31	9.32	9.33	9.34	9.35	9.36	9.37	9.38	9.39	9.40	9.41	9.42	9.43	9.44	9.45	9.46	9.47	9.48	9.49	9.50	9.51	9.52	9.53	9.54	9.55	9.56	9.57	9.58	9.59	9.60	9.61	9.62	9.63	9.64	9.65	9.66	9.67	9.68	9.69	9.70	9.71	9.72	9.73	9.74	9.75	9.76	9.77	9.78	9.79	9.80	9.81	9.82	9.83	9.84	9.85	9.86	9.87	9.88	9.89	9.90	9.91	9.92	9.93	9.94	9.95	9.96	9.97	9.98	9.99	10.00	10.01	10.02	10.03	10.04	10.05	10.06	10.07	10.08	10.09	10.10	10.11	10.12	10.13	10.14	10.15	10.16	10.17	10.18	10.19	10.20	10.21	10.22	10.23	10.24	10.25	10.26	10.27	10.28	10.29	10.30	10.31	10.32	10.33	10.34	10.35	10.36	10.37	10.38	10.39	10.40	10.41	10.42	10.43	10.44	10.45	10.46	10.47	10.48	10.49	10.50	10.51	10.52	10.53	10.54	10.55	10.56	10.57	10.58	10.59	10.60	10.61	10.62	10.63	10.64	10.65	10.66	10.67	10.68	10.69	10.70	10.71	10.72	10.73	10.74	10.75	10.76	10.77	10.78	10.79	10.80	10.81	10.82	10.83	10.84	10.85	10.86	10.87	10.88	10.89	10.90	10.91	10.92	10.93	10.94	10.95	10.96	10.97	10.98	10.99	11.00	11.01	11.02	11.03	11.04	11.05	11.06	11.07	11.08	11.09	11.10	11.11	11.12	11.13	11.14	11.15	11.16	11.17	11.18	11.19	11.20	11.21	11.22	11.23	11.24	11.25	11.26	11.27	11.28	11.29	11.30	11.31	11.32	11.33	11.34	11.35	11.36	11.37	11.38	11.39	11.40	11.41	11.42	11.43	11.44	11.45	11.46	11.47	11.48	11.49	11.50	11.51	11.52	11.53	11.54	11.55	11.56	11.57	11.58	11.59	11.60	11.61	11.62	11.63	11.64	11.65	11.66	11.67	11.68	11.69	11.70	11.71	11.72	11.73	11.74	11.75	11.76	11.77	11.78	11.79	11.80	11.81	11.82	11.83	11.84	11.85	11.86	11.87	11.88	11.89	11.90	11.91	11.92	11.93	11.94	11.95	11.96	11.97	11.98	11.99	12.00	12.01	12.02	12.03	12.04	12.05	12.06	12.07	12.08	12.09	12.10	12.11	12.12	12.13	12.14	12.15	12.16	12.17	12.18	12.19	12.20	12.21	12.22	12.23	12.24	12.25	12.26	12.27	12.28	12.29	12.30	12.31	12.32	12.33	12.34	12.35	12.36	12.37	12.38	12.39	12.40	12.41	12.42	12.43	12.44	12.45	12.46	12.47	12.48	12.49	12.50	12.51	12.52	12.53	12.54	12.55	12.56	12.57	12.58	12.59	12.60	12.61	12.62	12.63	12.64	12.65	12.66	12.67	12.68	12.69	12.70	12.71	12.72	12.73	12.74	12.75	12.76	12.77	12.78	12.79	12.80	12.81	12.82	12.83	12.84	12.85	12.86	12.87	12.88	12.89	12.90	12.91	12.92	12.93	12.94	12.95	12.96	12.97	12.98	12.99	13.00	13.01	13.02	13.03	13.04	13.05	13.06	13.07	13.08	13.09	13.10	13.11	13.12	13.13	13.14	13.15	13.16	13.17	13.18	13.19	13.20	13.21	13.22	13.23	13.24	13.25	13.26	13.27	13.28	13.29	13.30	13.31	13.32	13.33	13.34	13.35	13.36	13.37	13.38	13.39	13.40	13.41	13.42	13.43	13.44	13.45	13.46	13.47	13.48	13.49	13.50	13.51	13.52	13.53	13.54	13.55	13.56	13.57	13.58	13.59	13.60	13.61	13.62	13.63	13.64	13.65	13.66	13.67	13.68	13.69	13.70	13.71	13.72	13.73	13.74	13.75	13.76	13.77	13.78	13.79	13.80	13.81	13.82	13.83	13.84	13.85	13.86	13.87	13.88	13.89	13.90	13.91	13.92	13.93	13.94	13.95	13.96	13.97	13.98	13.99	14.00	14.01	14.02	14.03	14.04	14.05	14.06	14.07	14.08	14.09	14.10	14.11	14.12	14.13	14.1
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**Blount Memorial Hospital  
MRI Charges  
by  
CPT Code**

# SUPPLEMENTAL- # 1

May 20, 2013

10:01 am

Charge Code	Charge Description	Chg amt	CPT
4280010	MRI	0	
4280024	MAGNEVIST PER ML (GAD)	17	A9579
4280026	MULTIHANCE PER ML	20	A9577
4280030	EOVIST PER ML	41	A9581
4285026	MRI IAC LMTD W/O+W/CNTRST	858	7054352
4285102	MRI ABDOMEN W/O CONTRAST	2662	74181
4285104	MRI ABDOMEN W/CONTRAST	3021	74182
4285106	MRI ABDOMEN W/O+W/CNTRAST	3996	74183
4285107	MR CHOL-PNCRTGPHY W/O C	2662	74181
4285108	MRI ABD/MRCP W/O+W CNTRST	4852	74183
4285111	MRI ANGIO HEAD W/O CNTRST	2662	70544
4285113	MRI ANGIO HEAD W/CONTRAST	2984	70545
4285114	MRI ANGIO HEAD W/O+W/CNTR	3996	70546
4285116	MRI ANGIO NECK W/O CNTRST	2987	70547
4285117	MRI ANGIO NECK W/CONTRAST	2984	70548
4285119	MRI ANGIO NECK W/O+W/CNTR	3996	70549
4285120	MRI ANGIO CHEST W/O+W/CNT (71555 / C8911	3996	C9999
4285121	MRI ANGIO CHEST W/O CNTRS (71555 / C8910	2662	C9999
4285122	MRA ANGIO CHEST W/CONTRST (71555 / C8909	2984	C9999
4285130	MRI ANGIO ABD W/O+W/CNTRS (74185 / C8902	3996	C9999
4285131	MRI ANGIO ABD W/O CONTRST (74185 / C8901	2662	C9999
4285132	MRI ANGIO ABD W/CONTRAST (74185 / C8900)	2984	C9999
4285140	MR ANGIO PELVIS W/O&W CNT 72198 / C8920)	3996	C9999
4285141	MR ANGIO PELVIS W/O CNTRS (72198 / C8919	2662	C9999
4285142	MR ANGIO PELVIS W/CNTRST (72198 / C8918)	2984	C9999
4285144	MRI ANGIO LUE W/O+W/CTRST (73225 / C8936	3996	C9999
4285145	MRI ANGIO LUE W/CONTRAST (73225 / C8934)	2984	C9999
4285146	MRI ANGIO LUE W/O CONTRST (73225/ C8935)	2662	C9999
4285147	MRI ANGIO RUE W/O+W/CTRST 73225RT/ C8936	3996	C9999
4285148	MRI ANGIO RUE W/CONTRAST 73225RT C8934	2984	C9999
4285149	MRI ANGIO RUE W/O CNTRAST 73225RT C8935	2662	C9999
4285150	MR ANGIO LW.EXTR(S)W+WO.C 73725LT C8914	3996	C9999
4285151	MR ANGIO LW.EXTR(S)W/O CN (73725/C8913)	2662	C9999
4285152	MR ANGIO LW.EXTREM.W/CONT (73752 / C8912	2984	C9999
4285154	MRI ANGIO RLE W/O+W CTRST (73725RT/C8914	3996	C9999
4285156	MRI ANGIO RLE W/O CONTRST (73725RT/ C891	2662	C9999
4285157	MRI ANGIO RLE W/CONTRAST (73725RT/C8912)	2984	C9999
4285158	MRI ANGIO LLE WO+W CNTRST 73725LT C8914	3996	C9999
4285159	MRI ANGIO LLE W/O CONTRST 73725LT C8913	2662	C9999
4285160	MRI ANGIO LLE W/CONTRAST 73725LT C8912	2984	C9999
4285200	MRI BRAIN W/O CONTRAST	2662	70551
4285390	MR BRAIN SPECTROSCOPY 76390/C9999 MC NC	746	C9999
4285400	MRI BRAIN WITH CONTRAST	3072	70552
4285405	MRI BRAIN W + W/O CONTRST	3996	70553
4285408	MRI BREAST LT LES.LOC.W/C	2662	77021
4285409	MRI BREAST RT LES.LOC W/C	2662	77021
4285411	MRI BREAST LEFT W/CONTRST 77058LT /C8903	2662	C9999
4285412	MRI BREAST RIGHT W/CNTRST 77058RT C8903	2662	C9999
4285415	MRI BREAST BILAT W/CNTRST 77059 / C8906	3803	C9999
4285416	MRI BREAST LEFT W/O CNTRS 77058 / C8904	2662	C9999
4285417	MRI BREAST RIGHT W/O CNTR (77058 / C8904	2662	C9999

# SUPPLEMENTAL- # 1

May 20, 2013

10:01 am

4285418	MRI BREAST BILAT W/O CNTR (77059 / C8907	3803	C9999
4285420	MRI GUID.LT BREAST BIOPSY	0	
4285421	MRI GUID.RT BREAST BIOPSY	0	
4285502	MRI CHEST/BRCH.PLEX.W/O C	2662	71550
4285504	MRI CHEST/BRCH.PLEX.W/CNT	2984	71551
4285506	MRI CHEST/BRCH.PLEX.W/O+W	3996	71552
4285620	MRI SHOULDER LEFT W/CONTR	2984	73222LT
4285621	MRI SHOULDER RIGHT W/CONT	2984	73222RT
4285622	MRI SHOULDER LEFT W/O CNT	2662	73221LT
4285623	MRI SHOULDER RIGHT W/O CN	2662	73221RT
4285624	MRI SHOULDER LEFT WOW CNT	3996	73223LT
4285625	MRI SHOULDER RIGHT WOW CN	3996	73223RT
4285626	MRI HUMERUS LEFT W/CONTRS	2984	73219LT
4285627	MRI HUMERUS RIGHT W/CONTR	2984	73219RT
4285628	MRI HUMERUS LEFT W/O CNTR	2662	73218LT
4285629	MRI HUMERUS RIGHT W/O CNT	2662	73218RT
4285630	MRI HUMERUS LEFT WOW CNTR	3996	73220LT
4285631	MRI HUMERUS RIGHT WOW CNT	3996	73220RT
4285632	MRI ELBOW LEFT W/CONTRAST	2984	73222LT
4285633	MRI ELBOW RIGHT W/CONTRST	2984	73222RT
4285634	MRI ELBOW LEFT W/O CONTRS	2662	73221LT
4285635	MRI ELBOW RIGHT W/O CONTR	2662	73221RT
4285636	MRI ELBOW LEFT WOW CONTRS	3996	73223LT
4285637	MRI ELBOW RIGHT WOW CONTR	3996	73223RT
4285638	MRI FOREARM LEFT W/CONTRS	2984	73219LT
4285639	MRI FOREARM RIGHT W/CONTR	2984	73219RT
4285640	MRI FOREARM LEFT W/O CNTR	2662	73218LT
4285641	MRI FOREARM RIGHT W/O CNT	2662	73218RT
4285642	MRI FOREARM LEFT WOW CNTR	3996	73220LT
4285643	MRI FOREARM RIGHT WOW CNT	3996	73220RT
4285644	MRI WRIST LEFT W/CONTRAST	2984	73222LT
4285645	MRI WRIST RIGHT W/CONTRST	2984	73222RT
4285646	MRI WRIST LEFT W/O CONTRS	2662	73221LT
4285647	MRI WRIST RIGHT W/O CONTR	2662	73221RT
4285648	MRI WRIST LEFT WOW CONTRS	3996	73223LT
4285649	MRI WRIST RIGHT WOW CONTR	3996	73223RT
4285650	MRI HAND LEFT W/CONTRAST	2984	73219LT
4285651	MRI HAND RIGHT W/CONTRAST	2984	73219RT
4285652	MRI HAND LEFT W/O CONTRST	2662	73218LT
4285653	MRI HAND RIGHT W/O CNTRST	2662	73218RT
4285654	MRI HAND LEFT WOW CONTRST	3996	73220LT
4285655	MRI HAND RIGHT WOW CONTRS	3996	73220RT
4285656	MRI HIP LEFT W/CONTRAST	2984	73722LT
4285657	MRI HIP RIGHT W/CONTRAST	2984	73722RT
4285658	MRI HIP LEFT W/O CONTRAST	2662	73721LT
4285659	MRI HIP RIGHT W/O CONTRST	2662	73721RT
4285660	MRI HIP LEFT WOW CONTRAST	3996	73723LT
4285661	MRI HIP RIGHT WOW CONTRST	3996	73723RT
4285662	MRI FEMUR LEFT W/CONTRAST	2984	73719LT
4285663	MRI FEMUR RIGHT W/CONTRST	2984	73719RT
4285664	MRI FEMUR LEFT W/O CONTRS	2662	73718LT
4285665	MRI FEMUR RIGHT W/O CONTR	2662	73718RT

# SUPPLEMENTAL- # 1

May 20, 2013

10:01 am

4285666	MRI FEMUR LEFT WOW CONTRS	3996	73720LT
4285667	MRI FEMUR RIGHT WOW CONTR	3996	73720RT
4285668	MRI KNEE LEFT W/CONTRAST	2984	73722LT
4285669	MRI KNEE RIGHT W/CONTRAST	2984	73722RT
4285670	MRI KNEE LEFT W/O CONTRST	2662	73721LT
4285671	MRI KNEE RIGHT W/O CONTRS	2662	73721RT
4285672	MRI KNEE LEFT WOW CONTRST	3996	73723LT
4285673	MRI KNEE RIGHT WOW CONTRS	3996	73723RT
4285674	MRI TIB/FIB LEFT W/CONTR	2984	73719LT
4285675	MRI TIB/FIB RIGHT W/CONTR	2984	73719RT
4285676	MRI TIB/FIB LEFT W/O CNTR	2662	73718LT
4285677	MRI TIB/FIB RIGHT W/O CNT	2662	73718RT
4285678	MRI TIB/FIB LEFT WOW CNTR	3996	73720LT
4285679	MRI TIB/FIB RIGHT WOW CNT	3996	73720RT
4285680	MRI ANKLE LEFT W/CONTRAST	2984	73722LT
4285681	MRI ANKLE RIGHT W/CONTRST	2984	73722RT
4285682	MRI ANKLE LEFT W/O CONTRS	2662	73721LT
4285683	MRI ANKLE RIGHT W/O CONTR	2662	73721RT
4285684	MRI ANKLE LEFT WOW CONTRS	3996	73723LT
4285685	MRI ANKLE RIGHT WOW CONTR	3996	73723RT
4285686	MRI FOOT LEFT W/CONTRAST	2984	73719LT
4285687	MRI FOOT RIGHT W/CONTRAST	2984	73719RT
4285688	MRI FOOT LEFT W/O CONTRST	2662	73718LT
4285689	MRI FOOT RIGHT W/O CONTRS	2662	73718RT
4285690	MRI FOOT LEFT WOW CONTRST	3996	73720LT
4285691	MRI FOOT RIGHT WOW CONTRS	3996	73720RT
4285750	MISC SERVICES	0	C9999
4286010	MRI IAC W/O CONTRAST	2662	70540
4286020	MRI IAC WITH CONTRAST	2984	70542
4286025	MRI IAC W + W/O CONTRAST	3996	70553
4286030	MRI LIMITED STUDY	858	C9999
4286201	MR MYOCARD/THOR.AORTA W/O	2662	75557
4286202	MR MYOCARD/THOR.AORTA WOW	3996	75561
4286402	MRI ORB/FACE/NCK W/O CNTR	2662	70540
4286404	MRI ORB/FACE/NCK W/CNTRST	2984	70542
4286406	MRI ORB/FACE/NCK W/O+W CN	3996	70543
4286410	MR-PT MONITORING SUPPLIES	1	
4286412	MRI CLIPLOC TISSUE MARKER	349	
4286502	MRI PELVIS W/O CONTRAST	2662	72195
4286504	MRI PELVIS W/ CONTRAST	2984	72196
4286506	MRI PELVIS W/O+W/CONTRAST	3996	72197
4286510	MRI SELLA/PITUIT W/O CONT	2662	70551
4286520	MRI SELLA/PITUIT WITH CON	2984	70553
4286530	MRI SELLA/PIT W+W/O CONTR	3996	70553
4286600	MRI SPINE CERV W/O CONT	2662	72141
4286700	MRI SPINE CERV WITH CONT	2984	72142
4286705	MRI SPINE CERV W+W/O CNTR	3996	72156
4286800	MRI SPINE THOR W/O CONT	2662	72146
4286900	MRI SPINE THOR WITH CONT	3112	72147
4286905	MRI SPINE THOR W+W/O CNTR	3996	72157
4287000	MRI SPINE LUMB W/O CONT	2662	72148
4287100	MRI SPINE LUMBAR WITH CON	3108	72149

**SUPPLEMENTAL- # 1****May 20, 2013****10:01 am**

4287105	MRI SPINE LUMB W+W/O CNTR	3996	72158
4287200	MRI TMJ JOINT(S)	2662	70336
4288001	MR OO CER/LUM SPINE W/CON	0	
4288002	MR OO CER/LUM SPINE WO CN	0	
4288003	MR OO CER/LUM SPINE WOW C	0	
4288004	MR OO CTL SPINE W/CONTRST	0	
4288005	MR OO CTL SPINE WO CONTRS	0	
4288006	MR OO CTL SPINE WOW CONTR	0	
4288007	MR OO CER/THOR SPINE W/CN	0	
4288008	MR OO CER/THOR SPINE WO C	0	
4288009	MR OO CER/THOR SPINE WOW	0	
4288010	MR OO THOR/LUM SPINE W/CN	0	
4288011	MR OO THOR/LUM SPINE WO C	0	
4288012	MR OO THOR/LUM SPINE WOW	0	
4288020	MRA OO LE BILAT.W/CONTRST	0	
4288021	MRA OO LE BILAT.W/O CONTR	0	
4288022	MRA OO LE BILAT WOW CONTR	0	
4289001	(c) MRI GUID.LT BREAST BIOPSY	2762	77021
4289002	(c) MRI GUID.RT BREAST BIOPSY	2762	77021

May 20, 2013

10:01 am

January 23, 2013

2013 MAY 20 AM 10 01

I. D. Heinemann, BS, MS, FACHE  
Administrator  
Blount Memorial Hospital, Inc.  
907 East Lamar Alexander Parkway  
Maryville, TN 37804-5016

Joint Commission ID #: 7865  
Program: Hospital Accreditation  
Accreditation Activity: 60-day Evidence of  
Standards Compliance  
Accreditation Activity Completed: 01/11/2013

Dear Mr. Heinemann:

The Joint Commission would like to thank your organization for participating in the accreditation process. This process is designed to help your organization continuously provide safe, high-quality care, treatment, and services by identifying opportunities for improvement in your processes and helping you follow through on and implement these improvements. We encourage you to use the accreditation process as a continuous standards compliance and operational improvement tool.

The Joint Commission is granting your organization an accreditation decision of Accredited for all services surveyed under the applicable manual(s) noted below:

- Comprehensive Accreditation Manual for Hospitals

This accreditation cycle is effective beginning October 27, 2012. The Joint Commission reserves the right to shorten or lengthen the duration of the cycle; however, the certificate and cycle are customarily valid for up to 36 months.

Please visit Quality Check® on The Joint Commission web site for updated information related to your accreditation decision.

We encourage you to share this accreditation decision with your organization's appropriate staff, leadership, and governing body. You may also want to inform the Centers for Medicare and Medicaid Services (CMS), state or regional regulatory services, and the public you serve of your organization's accreditation decision.

Please be assured that The Joint Commission will keep the report confidential, except as required by law. To ensure that The Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

Sincerely,



Mark G. Pelletier, RN, MS

Chief Operating Officer

Division of Accreditation and Certification Operations

January 23, 2013

Re: # 7865

CCN: #440011

Program: Hospital

Accreditation Expiration Date: October 27, 2015

I. D. Heinemann  
Administrator  
Blount Memorial Hospital, Inc.  
907 East Lamar Alexander Parkway  
Maryville, Tennessee 37804-5016

Dear Mr. Heinemann:

This letter confirms that your October 22, 2012 - October 26, 2012 unannounced full resurvey was conducted for the purposes of assessing compliance with the Medicare conditions for hospitals through The Joint Commission's **deemed status survey process**.

Based upon the submission of your evidence of standards compliance on December 07, 2012 and January 11, 2013, the areas of deficiency listed below have been removed. The Joint Commission is granting your organization an accreditation decision of Accredited with an effective date of October 27, 2012. We congratulate you on your effective resolution of these deficiencies.

§482.13 Condition of Participation: Patient's Rights  
§482.41 Condition of Participation: Physical Environment  
§482.51 Condition of Participation: Surgical Services

The Joint Commission is also recommending your organization for continued Medicare certification effective October 27, 2012. Please note that the Centers for Medicare and Medicaid Services (CMS) Regional Office (RO) makes the final determination regarding your Medicare participation and the effective date of participation in accordance with the regulations at 42 CFR 489.13. Your organization is encouraged to share a copy of this Medicare recommendation letter with your State Survey Agency.

This recommendation applies to the following locations:

Blount Memorial Hospital Counseling and CONCERN  
262 Cherokee Professional Park, Maryville, TN, 37804

Blount Memorial Hospital Total Rehabilitation at Alcoa  
264 Joule Street, Alcoa, TN, 37701

Blount Memorial Hospital, Inc.  
907 East Lamar Alexander Parkway, Maryville, TN, 37804-5016

2013 MAY 20 AM 10 02

Blount Memorial Sleep Health Center  
710 Morganton Square, Maryville, TN, 37801

Blount Memorial Total Rehabilitation at Cherokee  
1410 Sevierville Road, Maryville, TN, 37804

Blount Memorial Total Rehabilitation at Maryville  
829 East Lamar Alexander Parkway, Maryville, TN, 37804

Business Health/Diagnostic Center/Outpatient Rehab  
220 Associates Blvd, Alcoa, TN, 37701

Business Health/Outpatient Rehab  
110 Deer Crossing, Vonore, TN, 37885

East Tennessee Medical Group  
266 Joule Street, Alcoa, TN, 37701

Transitional Care Center at Morning View Village  
2320 E. Lamar Alexander Parkway, Maryville, TN, 37804

We direct your attention to some important Joint Commission policies. First, your Medicare report is **publicly accessible as required by the Joint Commission's agreement with the Centers for Medicare and Medicaid Services**. Second, Joint Commission policy requires that you inform us of any changes in the name or ownership of your organization, or health care services you provide.

Sincerely,



Mark G. Pelletier, RN, MS  
Chief Operating Officer  
Division of Accreditation and Certification Operations

cc: CMS/Central Office/Survey & Certification Group/Division of Acute Care Services  
CMS/Regional Office 4 /Survey and Certification Staff

# **Copy**

## **Supplemental #2**

**Blount Memorial Hospital**

**CN1305-015**



**Blount Memorial**  
Hospital

907 East Lamar Alexander Parkway  
Maryville, Tennessee 37804  
865-983-7211

May 28, 2013

2013 MAY 30 AM 8 35

**SUPPLEMENTAL- # 2**

May 30, 2013

**Robert Redwine** 8:32 am  
President of the Board

**Dr. Ted Flickinger**  
Vice President of the Board

**Don Heinemann**  
Chief Executive Officer

**Medical Staff**

**Dr. John Niethammer**  
Chief of Staff

**Dr. Teresa Catron**  
Vice Chief of Staff

**Dr. Julie Turner**  
Secretary/Treasurer

**Dr. Deaver Shattuck**  
Immediate Past Chief of Staff

Phillip Earhart  
Health Services Development Examiner  
Health Services Development Agency  
161 Rosa Parks Boulevard  
Nashville, TN 37203

RE: Certificate of Need Application CN1305-015

Dear Mr. Earhart:

In accordance with your request for additional information, I have included the additional supplement question along with my response.

---

**1. Supplemental Response**

The applicant responded to supplemental questions with only a response. In answering questions, please type the question and the response. Please **resubmit** your first supplemental response in this format and include any additional questions included with this supplemental request.

**Response:**

Enclosed please find the first set of supplemental questions along with the full question.

**2. Section B, Project Description, Item III. (A)**

The provided plot plan is noted. Please indicate the location of the proposed MRI on the plot plan.

**Response:**

Enclosed please find the plot plan showing the proposed location of the replacement MRI relative to the building and site plan.

**3. Section C, Economic Feasibility, Item 4. (Historical Data Chart and Projected Data Chart)**

Please resubmit the Springbrook Historical Data Chart with the revised HSDA projected data chart that includes management fees. A sample historical data chart is enclosed.

Please provide a Historical Data Chart for Blount Memorial Hospital that includes management fees. **may 30 AM 8 35**

Please provide a Projected Data Chart that includes management fees. A revised Projected Data Chart is included as an attachment.

**Response:**

Enclosed please find the revised Historical Chart and Projected Data Chart with 'zero' indicated for management fees.

**4. Section C., Economic Feasibility, Item 9.**

Please report the estimated dollar amount of revenue anticipated from each of TennCare/Medicaid and Medicare in Year One and Year Two. The mathematical equation is gross revenue x percentage of TennCare/Medicaid and/or Medicare=estimated dollar amount.

**Response:**

The anticipated NET revenue from TennCare/Medicaid program and Medicare/Medicare Advantage program in the Projected Years' One and Two as a percent of GROSS charges is 2.0% and 7.1% in Year One respectively, and 1.8% and 6.8% in Year Two. The net revenue figures for these percentages in Year One are \$147,376 for TennCare and \$548,583 for Medicare/Medicare Advantage. In Year Two, the net revenue figures are \$146,248 for TennCare and \$553,014 for Medicare/Medicare Advantage. In terms of volume of patients, TennCare represents 12% of patients, and Medicare/Medicare Advantage represents 30% of patients.

**5. Section C. Orderly Development, Item 11**

The submission of medical equipment data to HSDA is incomplete. Please resubmit the 2012 utilization by payor source, by county and updated equipment registration for Blount Memorial Hospital and Blount Memorial Hospital at Springbrook to Alecia Craighead, Statistical Analyst, Health Services and Development Agency. Please contact Ms. Craighead at 615-253-2782 if you have any questions.

**Response:**

Ms. Alecia Craighead is now in receipt of all of data submission and enclosed please find a copy of an e-mail from Ms. Craighead to Ted Mashburn, the Administrative Director of Radiology at Blount Memorial Hospital in which she confirms the submission is complete.

**6. Affidavit**

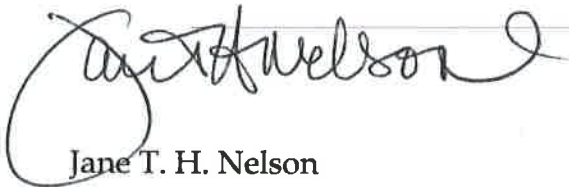
A signed and notarized affidavit must be submitted with each filing of an application and supplemental information. An affidavit was not included with the previous supplemental response. Please submit a completed affidavit for this supplemental information request.

**Response:**

**Enclosed please find notarized affidavits for the prior supplemental response and for this response.**

Should you have any questions regarding my response, please don't hesitate to contact me at 865-981-2310.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jane T. H. Nelson". The signature is written in dark ink and is positioned above the printed name and title.

Jane T. H. Nelson  
Assistant Administrator

Enc.

**Resubmitted Supplemental Response  
With the  
Full Question in the Response**



**Blount Memorial**  
Hospital

907 East Lamar Alexander Parkway  
Maryville, Tennessee 37804  
865-983-7211

2013 MAY 30 AM 8 35

May 28, 2013

Philip Earhart  
Health Services Development Agency Examiner Health  
Services and Development Agency  
161 Rosa L. Parks Boulevard  
Nashville, TN 37203

RE: Certificate of Need Application CN1305-015Supplemental Questions

Dear Mr. Earhart:

In response to the supplemental questions you submitted, I have responded to each questions as indicated below:

1. Bed Complement Data Chart

*There appears to be a clerical error by placing "94" in the beds proposed column for surgical beds.*

*Please revise and resubmit the bed complement data chart.*

**Response: Enclosed please find the corrected chart.**

2. Section 1 Project Description

*The applicant states there are at least seven patients a month who suffer from claustrophobia who need greater MRI table weight capacity or increased bore width. Please indicate where these patients are currently referred for services.*

*Please provide a general overview of the primary care services and specialty services that are available at the 266 Joule Street Location.*

*The applicant states East Tennessee Medical Group was the previous owner of the 266 Joule Street location. Please clarify the date this site and physician practice was acquired by Blount Memorial Hospital*

**Response:**

**The we have not kept data regarding the location that patients were referred to, only that a patient had to be referred. However, the staff said that patients would likely be referred to the University of TN Medical Center or Parkwest Hospital, a member of Covenant Health.**

**The effective date that Blount Memorial Hospital owned the building that was previously**

**SUPPLEMENTAL- # 2**

**May 30, 2013**

**Robert Redwine 8:32 am**  
President of the Board

**Dr. Ted Flickinger**  
Vice President of the Board

**Don Heinemann**  
Chief Executive Officer

**Medical Staff**

**Dr. John Niethammer**  
Chief of Staff

**Dr. Teresa Catron**  
Vice Chief of Staff

**Dr. Julie Turner**  
Secretary/Treasurer

**Dr. Deaver Shattuck**  
Immediate Past Chief of Staff

owned by East Tennessee Medical Group was October 1, 2012. The Warranty Deed was recorded October 26, 2012. We did not 'purchase' the practice, just the building and its contents. The physicians became part of Blount Memorial Physician Group. The physicians who practice at that site include Family Practice, Internal Medicine, Gynecologist, Pulmonologists, Neurologists, Cardiologists, Rheumatologists, Oncologist, General Surgeons, and Vascular Surgeon. In addition, there is a walk-in clinic that operates with extended hours in the evenings and weekends.

**3. Project Description, Section II.A**

*Please clarify if the applicant plans to surrender the CON for an MRI at the current Sunnybrook location.*

*The applicant states when the East Tennessee Medical Group owned the existing building, they intended to place an MRI in the building, but were not successful in obtaining a CON. Please provide a brief overview of the previously filed CON and the reason why it was denied.*

*What is the strength of the MRI that is slated to be removed from Springbrook? What are the plans for the Springbrook Outpatient Diagnostic Center? Is the applicant planning to close the ODC?*

**Response:**

**We weren't sure if the existing CON would be transferred or a new one issued, but yes the Hospital will surrender the existing CON for the MRI at its current Springbrook location.**

**At the time ETMG applied for an MRI, Blount Memorial had its MRI in operation at both the hospital location and at Springbrook. The ETMG applicant indicated that the group had difficulty getting patients scheduled at either location. It was proven otherwise at the hearing and the ETMG application was denied. I don't have the exact reason recorded by Health Development Agency, but that is my understanding of why the application was not approved. Blount Memorial demonstrated that we had the capacity to accommodate the practices' referrals.**

**The strength of the MRI that will be removed from the Springbrook location is a 1.5T, 60 cm bore, with table capacity of 350 pounds.**

**We have no plans to close our Springbrook site as it also a site for our Outpatient Rehabilitation (PT, OT, ST) services, an Occupational Medicine Clinic, a Family Practice Clinic, a Pediatric Practice and our Wellness Facility. We will likely keep X-ray capability at Springbrook, but as indicated, the other diagnostic equipment will be moved to the ETMG site.**

**4. Section B, Project Description, Item II. C**

*Please indicate what other outpatient medical equipment will also be moved to the 266 Joule Street location.*

**Response:**

**The other diagnostic equipment that will be moved from the Springbrook site includes some of the diagnostic x-ray equipment and ultrasound equipment. We also have a CT at the Springbrook site but plan to move it to the hospital as it is a newer model and will replace an older model CT at the hospital.**

5. Section B, Project Description, Item II. C. E. 1-3

*The applicant's response to the three questions on pages 10 is noted. However, please provide a response underneath each question (1-3) rather than answering each question together at the end in a paragraph.*

**Response: The response is provided under each question as requested.**

*1. For Fixed-site major medical equipment (not replacing existing equipment):*

*(a) Describe the new equipment, including:*

- 1. Total Cost; (as defined by Agency Rule).*
- 2. Expected useful life;*
- 3. List of clinical applications to be provided; and*
- 4. Documentation of FDA approval*

**Response: This question pertains to new equipment, not replacing existing equipment. However, we are proposing to replace and move existing services. We are proposing to upgrade our existing equipment to a 3-T wide bore MRI.**

- (1) Total Cost of the project, including filing fee = \$2,214,216**
- (2) Expected useful life: Depreciation is based on five years per accounting standards; from a practical standpoint, we expect its useful life to be eight years;**
- (3) Clinical applications With the latest MRI technology we expect improved image quality, and faster scans to provide MRI for the entire body including, but not limited to head, neck, TMJ, spine, breast, heart, abdomen, pelvis, joints, prostate, blood vessels, and musculoskeletal regions of the body.**
- (4) Documentation of FDA Approval Appendix C-1- of the application has an FDA letter and is included with this letter too.**

*(b) Provide current d proposed schedule of operations.*

**Response:**

**The current and proposed hours of operation are from 8:00am 5:00 pm, but as necessary, the staff will stay to serve patients that may run over that time frame.**

*2. For mobile major medical equipment:*

**Response: Not Applicable.**

*3. Indicate applicant's legal interest in equipment (own or lease). In the case of equipment purchased include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.*

**Response:**

**As indicated, Blount Memorial plans to purchase the replacement MRI. The quote from the manufacturer is provided in Appendix B-E-3 (a) and the purchase price for the MRI is listed as \$1,747,195.**

6. Section B, Project Description, Item II. C. 3.

*The applicant states the approval of a 3 Tesla MRI would provide less patient referrals to Knoxville to obtain use of a 3T wide bore MRI. Which provider does the applicant refer patients for 3 Tesla MRI services and approximately how many per month?*

*The applicant states the new 3 tesla MRI would have a weight capacity of 500 pounds. The applicant also states Blount Memorial Hospital is a Bariatric Center of Excellence. Where does the applicant plan to refer patients who weigh more than 500 lbs. for MRI services?*

*The total cost of \$2,209,245 in replacing the existing MRI is noted. Are there any government fees or taxes in the cost of replacing the proposed MRI?*

**Response:**

**As indicated we send approximately seven patients per month because of the weight limitations of the existing MRI, and approximately eight patients a month because of claustrophobia for a total of 15 patients referred per month. We do not keep track of the referred location for these patients, but we believe most are referred to the University of TN Medical Center, with some going to Parkwest Medical Center.**

**If a patient weighs more than 500 pounds, we are not aware of an MRI in this area that could accommodate a patient over this weight and the patient is simply not able to have an MRI.**

**There are no government fees or taxes associated with the cost of replacing the proposed MRI.**

7. Section B, Project Description, Item III (A)

*The provided plot plan is noted. Please provide a more legible plot plan and indicate the location of the proposed MRI structure on the site.*

**Response:**

**Enclosed please find another plot plan for the ETMG site. The difficulty with legibility is that it was condensed to 8" by 11" from a much larger plan.**

8. Section C, Need Item I

*Please discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan.*

*Please indicate when the applicant plans to achieve the minimum standard of 2,880 MRI procedures per year for the proposed relocated 3.0 Tesla MRI according to the State Health Plan, Certificate of Need Standards and Criteria for Magnetic Resonance Imaging Services.*

**Response:**

**The State of TN Health Plan's Five Principles for Achieving Better Health include:**

**(1) Healthy Lives improving physical activity, reducing obesity, reducing tobacco use, improving mental health and environmental quality and assuring children are immunized. It is difficult to directly relate the continued service of an MRI with these initiatives. However, as indicated we are a Bariatric Center of Excellence and have a**

Weight Management program that provides alternatives to surgery and have sponsored a Community Health Initiative since 1995 that has addressed all of the Healthy Lives issues. Our providers address these patient related issues on a daily basis and MRI services can aid in the diagnosis of these health related problems. We serve all payer groups, including the provision of charity care. Blount County, our primary service area, ranks 4th in the State in terms of the 'healthiest' according to "County Health Rankings and Roadmaps" as prepared by the University of Wisconsin Research.

(2) Access to Care As indicated we provide services to all payer groups including charity are provisions.

(3) Economic Efficiencies Our proposed project would create greater efficiencies by combining diagnostic services to one primary location. Tennessee's health care spending is likely higher than other State's due to its health ranking and its 'health' rankings are primarily due to life style choices.

(4) Quality of Care Blount Memorial Hospital actively engages in continuous quality improvement efforts. We are Joint Commission accredited, including Joint Commission accreditation for Stroke, we have the distinction of being the only hospital in East TN to be ranked in the top 5% of the nation for clinical performance and are the second year recipient of the Distinguished Hospital for Clinical Excellence from Healthgrades, including Healthgrade top awards in Coronary Intervention, GI procedures, General Surgery, and Pulmonary Care.

(5) Health Care Workforce Again, it's difficult to say how this project directly affects the provision of a qualified workforce. However, we do work with area schools to provide a learning environment for RN's, medical school students, pharmacy residents, LPN's, Radiological staff and other staff as needed.

As indicated in the projected income statements, we expect the outpatient MRI volume to approximate 2,594 at the proposed ETMG site by Year Two. At this growth rate, plus with our ability to treat patients that we refer out we would expect to achieve the minimum standard of 2,880 volume sometime in year four of operation at the ETMG site.

9. Section C, Need item 4.A

*Your response to this item is noted. Using population data from the Department of Health, enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, please complete the following table and include data for each county in your proposed service area.*

**Response: Refer to the Chart below for the data requested.**

<u>Variable</u>	<u>Blount</u>	<u>Loudon</u>	<u>McMinn</u>	<u>Monroe</u>	<u>Sevier</u>
Current 65+ 2010	18,776	9,733	8,377	7,120	18,690
Projected 65 + 2015	22,024	11,783	9,429	8,477	16,015
Age 65 % change	+ 17.3%	+21.1%	+12.6%	+19.1%	-14.3%
Tot. Current pop.	123,692	46,504	53,914	46,499	86,655

Proj. tot. pop. 2015	130,143	48,679	56,094	49,328	92,702
Tot. pop. Change	+5.2%	+4.7%	+4.0%	+6.1%	+7.0%
TennCare pop. 2012	18,529	6,994	10,314	9,727	15,447
TennC % or pop.	15.0%	15.0%	19.1%	20.9%	17.8%
Med. Household Inc.	\$47,298	\$50,548	\$38,604	\$35,096	\$42,569
Pop. % below Poverty	12.3%	14.0%	18.3%	20.9%	13.5%

Sources: TN Department of Health, TennCare Bureau, US Census Bureau.

Note: US Census data (Median Household Income & Population % below Poverty Level) is 2011 data. Also, I could not locate Median Age by County.

**10. Section C, Need, Item 6 MRI**

*Please provide an estimate of referrals by specialty to the applicant's MRI service during the first year of operation:*

**Response:**

**Based on historical patterns, we expect the referrals to our MRI service by specialty to approximate the following during the first year:**

<u>Physician Specialty</u>	<u>MRI Referrals</u>
Family Practice	899
Internal Medicine	545
Orthopedics	265
General Surgery	6
Neurology	487
Oncology	29
ENT	86
Rheumatology	53
NeuroSurgeon	29
<u>Other</u>	<u>144</u>
<b>Total MRI Volume</b>	<b>2543</b>

**11. Section C, Economic feasibility, Item 3**

*Please recheck the cost per square foot in the amount of \$899.00 and submit a replacement page if necessary.*

*Please compare this project's cost per square foot to cost per square foot ranges of previously approved projects found in the "Applicant's Toolbox" on the HSDA website ([www.tn.gov/hsda](http://www.tn.gov/hsda)) or provide specific examples supporting the reasonableness of proposed project costs.*

**Response:**

You are correct as I have calculated the cost per square foot incorrectly. The expected construction cost is \$347,000, Architectural/Engineering fees of \$32,000 and contingency fund of \$35,000 for a total construction related cost of \$414,000. Based on square footage of 883 sq. ft, the cost per square foot is \$469.

In referencing the HSDA "Applicant's Toolbox", there is no comparative cost per square foot data for Outpatient Diagnostic Centers due to insufficient information. If we compare it to the "Hospital" data in the Toolbox, the comparative data is as follows:

Price per square footage, Hospital related data:

<u>2011</u>		
<u>1st Quartile</u>	<u>Median</u>	<u>3rd Quartile</u>
\$126	\$178	\$274

While the square footage of the area to be renovated for the MRI is small, there is much involved. An external wall must be removed to insert the MRI, and the walls have to be lined with copper shielding.

12. Section C, Economic Feasibility, Item 4 (Historical Data chart and Projected Data Chart)  
*The historical data chart provided on page 21 a is noted. Please clarify if this historical data chart is for the MRI located at Sunnybrook. If so, please resubmit the Historical Data Chart with the revised HSDA projected data chart that includes management fees. A sample historical data chart is enclosed.*

*Please provide a Historical Data Chart for Blount Memorial Hospital that includes management fees. Please use the above mentioned historical data chart.*

*Please clarify the reason there are not funds allocated in Year One in the Projected Data Chart for the MRI service contract.*

*Please provide a Projected Data Chart that includes management fees. A revised Projected Data Chart is included as an attachment*

**Response:**

The Historic Data Chart is for the MRI located at Springbrook location. We do not contract for the service and have no management fees to report. We do have managers that oversee the service, but they also oversee many other diagnostic services and are not dedicated to MRI.

We have included the Hospital's audited financial statements which include all expenses for every service including administrative. We do not contract for management services those in operational positions are employed.

In year one of the replacement MRI, there are no service contract fees as the MRI will be under warranty.

**Again, we have no contract management fees. The managers that oversee the MRI also oversee many other diagnostic services.**

13. Section C, Economic Feasibility, Item 6.B

*Please compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) codes (s).*

*Please provide a comparison of the applicant facility's proposed charges to the range of charges generated from the HSDA Equipment Registry found in the "Applicant's Toolbox" on the HSDA website ([www.tn.gov/hsda](http://www.tn.gov/hsda)).*

**Response:**

**The current charges by CPT codes for MRI related procedures are enclosed. The proposed MRI charges in comparison to the "Applicant's Tool Box" is as follows:**

<u>BMH Proposed Average</u>	<u>Year 1</u>	<u>Year 2</u>
<b>MRI</b>	<b>\$3,020</b>	<b>\$3,135</b>

<u>Applicant's Toolbox MRI Rates</u>	<u>1st Quartile</u>	<u>Median</u>	<u>3rd Quartile</u>
<b>2011 MRI Average Charge</b>	<b>\$1,613</b>	<b>\$2,095</b>	<b>\$3,163</b>

14. Section C., Economic Feasibility, Item 8

The projected income figures of \$1,289,009 and \$984,840 do not match the projected data chart. Please clarify.

**Response:**

**You are correct; the figures stated in this item under the narrative for Net Income do not match the Projected Data Chart and are incorrect. The correct figures are reflected in the Projected Data Chart and the narrative response under Section C., Economic Feasibility, Item 8 should indicate Net Income of \$1,193,833 for Year One and \$ 903,965 in Year Two.**

15. Section C., Economic Feasibility, Item 9

*Please report the estimated dollar amount of revenue anticipated from each of TennCare/Medicaid and Medicare.*

**Response:**

**Of the net revenue collected in the projected years, we estimate the TennCare and Medicare/Medicare Advantage amounts in Year One and Year Two to be as follows:**

<u>Payer</u>	<u>Year One Net Revenue</u>	<u>Year Two Net Revenue</u>
<b>TennCare</b>	<b>\$147,376</b>	<b>\$ 146,248</b>
<b>Medicare/Advantage</b>	<b>\$548,583</b>	<b>\$ 553,014</b>

16. Section C, Orderly Development, Item 7 (a)

*Please verify that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Substance Abuse Services, the Department of Intellectual and Developmental Disabilities, and/or any applicable Medicare requirements.*

**Response:**

**Blount Memorial meets licensure requirements of the Department of Health, the Department of Mental health and Substance Abuse Services, the Department of Intellectual and Developmental Disabilities, and/or applicable Medicare requirements.**

17. Section C. Orderly Development, Item 8 (c)

*Please provide a copy of the latest Joint Commission survey.*

**Response:**

**Enclosed is a copy of the latest Joint Commission Survey.**

18. Section C. Orderly Development, Item 9 and 10

*Please respond to questions 9 and 10. These questions are applicable to all applicants*

**Response:**

**Our response to Items 9 & 10 are as follows:**

**(9) Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project.**

**Answer:**

**There isn't any person who would have ownership of the project. The replacement MRI is owned and operated by Blount Memorial Hospital only. We do background checks on all prospective employees and would not employ someone who has civil or criminal judgments for fraud or theft.**

**(10) If the proposal is approved, please discuss whether the applicant will provide the Tennessee health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.**

**Answer:**

**Please note that we did respond to this question and as indicated, and we intend to continue to provide the State with all data requests as we have in the past, including data specific to MRI procedures.**

19. Section C. Orderly Development, Item 11

*Please submit the 2012 utilization by payor source, by county and updated equipment registration for Blount Memorial Hospital at Springbrook to Alecia Craighead, Statistical*

**May 30, 2013**

**8:32 am**


*Analyst, Health Services and Development Agency. Please also submit the 2012 utilization by payor source, by county for Blount Memorial Hospital to Alecia Craighead, Statistical Analyst, Health Services and Development Agency.*

**Response:**

**Please know that we have already submitted the 2012 MRI data for both MRI sites (the Hospital and Springbrook) to Ms. Alecia Craighead, Statistical Analyst, Health Services and Development Agency.**

Once you have had an opportunity to review my responses, please don't hesitate to contact me at 865-981-2310 for additional questions or clarification.

Sincerely,



Jane T. 1-Nelson  
Assistant Administrator  
Enc.

**Blount Memorial Hospital**

**Additional Attachments  
For the  
Supplemental Questions**

**9. Bed Complement Data**

*Please indicate current and proposed distribution and certification of facility beds.*

	<u>Current Beds Licensed</u>	<u>*CON</u>	<u>Staffed Beds</u>	<u>Beds Proposed</u>	<u>TOTAL Beds at Completion</u>
A. Medical	157		90		157
B. Surgical	94		64		94
C. Long-Term Care Hospital					
D. Obstetrical	12		12		12
E. ICU/CCU	25		17		25
F. Neonatal					
G. Pediatric					
H. Adult Psychiatric	8		8		8
I. Geriatric Psychiatric					
J. Child/Adolescent Psychiatric					
K. Rehabilitation					
L. Nursing Facility (non-Medicaid Certified)	76		76		76
M. Nursing Facility Level 1 (Medicaid only)					
N. Nursing Facility Level 2 (Medicare only)					
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)					
P. ICF/MR					
Q. Adult Chemical Dependency	8		8		8
R. Child and Adolescent Chemical Dependency					
S. Swing Beds					
T. Mental Health Residential Treatment					
U. Residential Hospice					
<b>TOTAL</b>	380		275		380

\*CON-Beds approved but not yet in service

10. Medicare Provider Number 440011  
Certification Type Hospital

11. Medicaid Provider Number 0440011  
Certification Type Hospital

12. If this is a new facility, will certification be sought for Medicare and/or Medicaid? N/A

13. Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? Yes If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.

Discuss any out-of-network relationships in place with MCOs/BHOs in the area.

**APPENDIX C-1-a**

**FDA LETTER**



DEPARTMENT OF HEALTH & HUMAN SERVICES

**SUPPLEMENTAL- # 2**

**May 30, 2013**

**8:32 am**

Public Health Service

Food and Drug Administration  
10903 New Hampshire Avenue  
Document Control Room – WO66-G609  
Silver Spring, MD 20993-0002

Mr. Toru Shimizu  
Regulatory Affairs Specialist  
GE Healthcare Japan Corporation  
7-127, Asahigaoka 4-Chrome  
Hino-Shi, Tokyo, 191-8503  
JAPAN

SEP 30 2011

Re: K103327  
Trade/Device Name: Discovery MR750w 3.0T System  
Regulation Number: 21 CFR 892.1000  
Regulation Name: Magnetic resonance diagnostic device  
Regulatory Class: II  
Product Code: LNH, LNI and MOS  
Dated: September 2, 2011  
Received: September 7, 2011

Dear Mr. Shimizu:

We have reviewed your Section 510(k) premarket notification of intent to market the device referenced above and have determined the device is substantially equivalent (for the indications for use stated in the enclosure) to legally marketed predicate devices marketed in interstate commerce prior to May 28, 1976, the enactment date of the Medical Device Amendments, or to devices that have been reclassified in accordance with the provisions of the Federal Food, Drug, and Cosmetic Act (Act) that do not require approval of a premarket approval application (PMA). You may, therefore, market the device, subject to the general controls provisions of the Act. The general controls provisions of the Act include requirements for annual registration, listing of devices, good manufacturing practice, labeling, and prohibitions against misbranding and adulteration.

If your device is classified (see above) into class II (Special Controls), it may be subject to such additional controls. Existing major regulations affecting your device can be found in Title 21, Code of Federal Regulations (CFR), Parts 800 to 895. In addition, FDA may publish further announcements concerning your device in the Federal Register.

Please be advised that FDA's issuance of a substantial equivalence determination does not mean that FDA has made a determination that your device complies with other requirements of the Act or any Federal statutes and regulations administered by other Federal agencies. You must comply with all the Act's requirements, including, but not limited to: registration and listing (21 CFR Part 807); labeling (21 CFR Parts 801 and 809); medical device reporting (reporting of

May 30, 2013

8:32 am

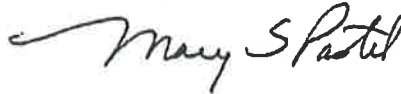
Page 2

medical device-related adverse events) (21 CFR 803); and good manufacturing practice requirements as set forth in the quality systems (QS) regulation (21 CFR Part 820). This letter will allow you to begin marketing your device as described in your Section 510(k) premarket notification. The FDA finding of substantial equivalence of your device to a legally marketed predicate device results in a classification for your device and thus, permits your device to proceed to the market.

If you desire specific advice for your device on our labeling regulation (21 CFR Parts 801 and 809), please contact the Office of *In Vitro* Diagnostic Device Evaluation and Safety at (301) 796-5450. Also, please note the regulation entitled, "Misbranding by reference to premarket notification" (21 CFR Part 807.97). For questions regarding the reporting of adverse events under the MDR regulation (21 CFR Part 803), please go to <http://www.fda.gov/MedicalDevices/Safety/ReportaProblem/default.htm> for the CDRH's Office of Surveillance and Biometrics/Division of Postmarket Surveillance.

You may obtain other general information on your responsibilities under the Act from the Division of Small Manufacturers, International and Consumer Assistance at its toll-free number (800) 638-2041 or (301) 796-7100 or at its Internet address <http://www.fda.gov/cdrh/industry/support/index.html>.

Sincerely Yours,



Mary S. Pastel, Sc.D.  
Director  
Division of Radiological Devices  
Office of In Vitro Diagnostic Device  
Evaluation and Safety  
Center for Devices and Radiological Health

Enclosure

510(k) Number (if known):

K103327

Device Name:

Discovery MR750w 3.0T**Indications for Use:**

The Discovery MR750w 3.0T is a whole body magnetic resonance scanner designed to support high resolution, high signal-to-noise ratio, and short scan times. It is indicated for use as a diagnostic imaging device to produce axial, sagittal, coronal, and oblique images, spectroscopic images, parametric maps, and/or spectra, dynamic images of the structures and/or functions of the entire body, including, but not limited to, head, neck, TMJ, spine, breast, heart, abdomen, pelvis, joints, prostate, blood vessels, and musculoskeletal regions of the body. Depending on the region of interest being imaged, contrast agents may be used. The images produced by the Discovery MR750w 3.0T reflect the spatial distribution or molecular environment of nuclei exhibiting magnetic resonance. These images and/or spectra when interpreted by a trained physician yield information that may assist in diagnosis.

Prescription Use   X    
(Part 21 CFR 801 Subpart D)

AND/OR

Over-The-Counter Use         
(Part 21 CFR 801 Subpart C)

(PLEASE DO NOT WRITE BELOW THIS LINE - CONTINUE ON ANOTHER PAGE IF NEEDED)

Concurrence of CDRH, Office of In Vitro Diagnostic Devices (OIVD)

Division Sign-Off  
Office of In Vitro Diagnostic Device  
Evaluation and Safety  
510(k) \_\_\_\_\_

**MRI QUOTE**

Quotation Number: P7-C165233 V 5

Item No.	Qty	Catalog No.	Description
	1		<b>Discovery MR750w 3.0T</b>
1	1	S7751WC	<p>Discovery MR750w 3.0T 32-Channel MR System</p> <p>Patient expectations of MR have shifted in recent years, as patients have begun to demand a better, more comfortable scanning experience. Increasing the size of the bore is a good first step, but it's only the beginning. The right system should overcome traditional limitations of wide-bore MR, offering both excellent images and a user-friendly experience. Patients should be more comfortable during their scan, and clinicians more comfortable in making a diagnosis. All the while, organizations should expect their MR system to help them deliver solid financial returns, maintain a high standard of patient safety, and increase the quality of their care.</p> <p>GE has advanced the capabilities of wide-bore MR by delivering both uncompromised image quality and high productivity, all with a 50cm clinical field of view. With the Discovery MR750w 3.0T GE offers a range of new functionality, provides a more patient friendly environment and a clinical workhorse system for practices of all sizes and specialties.</p> <p>To improve the patient experience and provide high image quality, no other component of an MRI system has greater impact than the magnet. Incorporating over 15 years of 3T magnet design experience, the Discovery MR750w system features a short, wide bore magnet that delivers a 50 x 50 x 50 cm FOV. The magnet geometry has been optimized to reduce patient anxiety by providing more space in the bore and more exams with the patient's head outside of the magnet. The 50cm field of view provides uniform image quality and can reduce exam times since fewer acquisitions may be necessary to cover large areas of anatomy. Complemented by GE's active shielding technology, the Discovery MR750w's flexible installations specifications provide easy siting. And with zero-boil-off magnet technology, helium refills are effectively eliminated, thus reducing operating costs and maximizing uptime.</p> <p>Quiet Technology: GE has implemented Quiet Technology on critical components of the MR system to reduce acoustic noise and improve the patient environment. This technology enables full use of the eXtreme Gradient Platform for excellent image quality, while maintaining a safe environment for the patient. The technology encompasses the gradient coil, RF body coil, and magnet mounting.</p> <p>GE's MultiDrive Transmit and OpTix RF Receive Chain: GE's innovative Optical RF receive technology improves signal detection while simultaneously reducing electrical noise. By locating the receiver electronics on the side of the magnet and close to the origin of the MR signal, interference from external noise sources is reduced thus improving image quality and SNR. The result is a 27% SNR improvement over previous generation, non-optical systems for volumetric scanning.</p>

Quotation Number: P7-C165233 V 5

Item No.	Qty	Catalog No.	Description
	<b>1</b>		<b>NonProducts</b>
31	1		Cost to rig the the new system into the facility

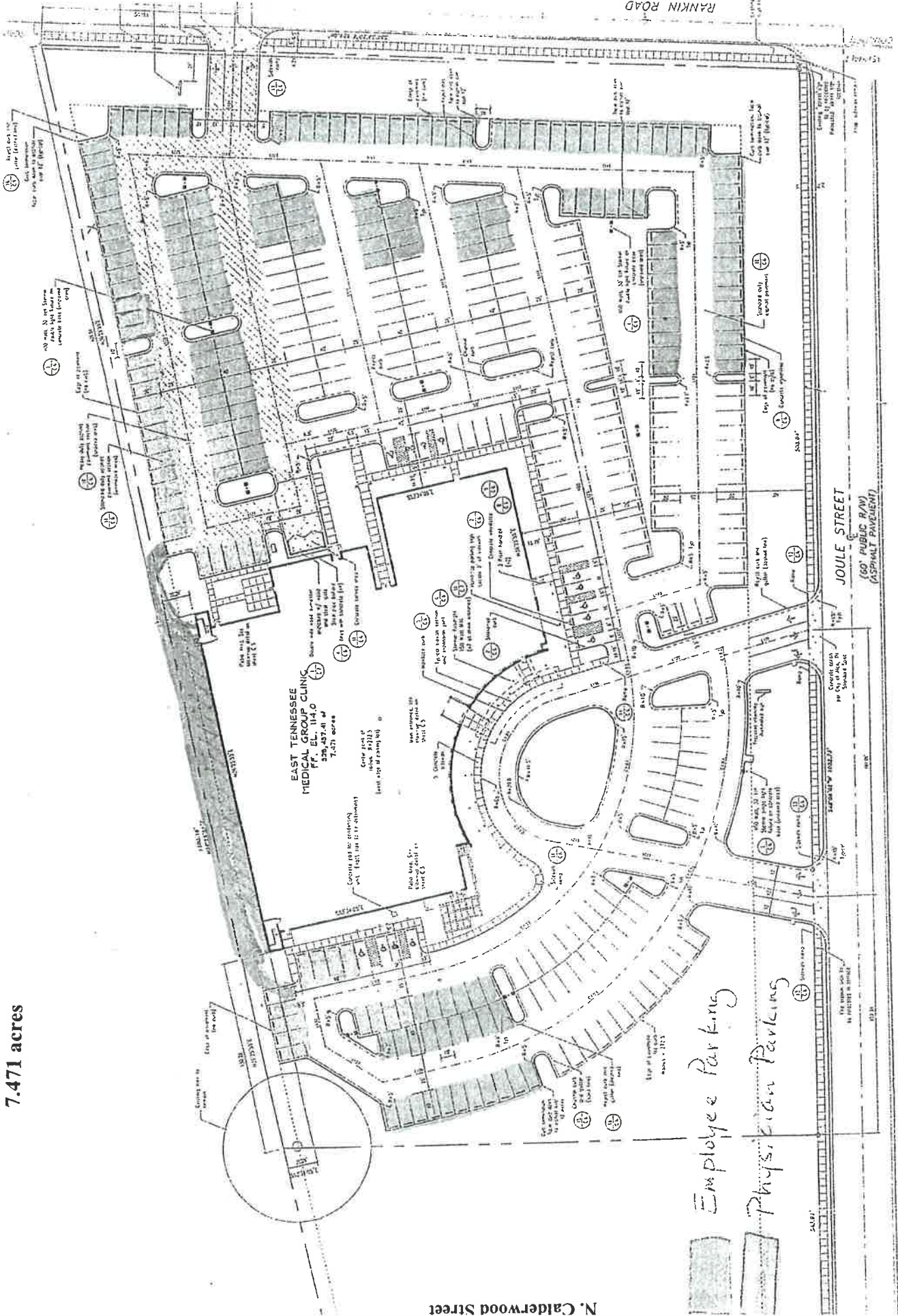
**Quote Summary:****Total Extended Selling Price:** \$1,747,195.00**Total Quote Net Selling Price** \$1,747,195.00

(Quoted prices do not reflect state and local taxes if applicable. Total Net Selling Price  
Includes Trade In allowance, if applicable. )

PLOT PLAN

7.471 acres

NO.	AREA	PERCENT
1	1.12	15.00
2	1.12	15.00
3	1.12	15.00
4	1.12	15.00
5	1.12	15.00
6	1.12	15.00
7	1.12	15.00
8	1.12	15.00
9	1.12	15.00
10	1.12	15.00
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92	1.12	15.00
93	1.12	15.00
94	1.12	15.00
95	1.12	15.00
96	1.12	15.00
97	1.12	15.00
98	1.12	15.00
99	1.12	15.00
100	1.12	15.00



**Blount Memorial Hospital  
MRI Charges  
by  
CPT Code**

**SUPPLEMENTAL- # 2**

May 30, 2013

8:32 am

Charge Code	Charge Description	Chg amt	CPT
4280010	MRI	0	
4280024	MAGNEVIST PER ML (GAD)	17	A9579
4280026	MULTIHANCE PER ML	20	A9577
4280030	EOVIST PER ML	41	A9581
4285026	MRI IAC LMTD W/O+W/CNTRST	858	7054352
4285102	MRI ABDOMEN W/O CONTRAST	2662	74181
4285104	MRI ABDOMEN W/CONTRAST	3021	74182
4285106	MRI ABDOMEN W/O+W/CNTRAST	3996	74183
4285107	MR CHOL-PNCRTOGRAPHY W/O C	2662	74181
4285108	MRI ABD/MRCP W/O+W CNTRST	4852	74183
4285111	MRI ANGIO HEAD W/O CNTRST	2662	70544
4285113	MRI ANGIO HEAD W/CONTRAST	2984	70545
4285114	MRI ANGIO HEAD W/O+W/CNTR	3996	70546
4285116	MRI ANGIO NECK W/O CNTRST	2987	70547
4285117	MRI ANGIO NECK W/CONTRAST	2984	70548
4285119	MRI ANGIO NECK W/O+W/CNTR	3996	70549
4285120	MRI ANGIO CHEST W/O+W/CNT (71555 / C8911	3996	C9999
4285121	MRI ANGIO CHEST W/O CNTRS (71555 / C8910	2662	C9999
4285122	MRA ANGIO CHEST W/CONTRST (71555 / C8909	2984	C9999
4285130	MRI ANGIO ABD W/O+W/CNTRS (74185 / C8902	3996	C9999
4285131	MRI ANGIO ABD W/O CONTRST (74185 / C8901	2662	C9999
4285132	MRI ANGIO ABD W/CONTRAST (74185 / C8900)	2984	C9999
4285140	MR ANGIO PELVIS W/O&W CNT 72198 / C8920)	3996	C9999
4285141	MR ANGIO PELVIS W/O CNTRS (72198 / C8919	2662	C9999
4285142	MR ANGIO PELVIS W/CNTRST (72198 / C8918)	2984	C9999
4285144	MRI ANGIO LUE W/O+W/CTRST (73225 / C8936	3996	C9999
4285145	MRI ANGIO LUE W/CONTRAST (73225 / C8934)	2984	C9999
4285146	MRI ANGIO LUE W/O CONTRST (73225/ C8935)	2662	C9999
4285147	MRI ANGIO RUE W/O+W/CTRST 73225RT/ C8936	3996	C9999
4285148	MRI ANGIO RUE W/CONTRAST 73225RT C8934	2984	C9999
4285149	MRI ANGIO RUE W/O CNTRAST 73225RT C8935	2662	C9999
4285150	MR ANGIO LW.EXTR(S)W+WO.C 73725LT C8914	3996	C9999
4285151	MR ANGIO LW.EXTR(S)W/O CN (73725/C8913)	2662	C9999
4285152	MR ANGIO LW.EXTREM.W/CONT (73752 / C8912	2984	C9999
4285154	MRI ANGIO RLE W/O+W CTRST (73725RT/C8914	3996	C9999
4285156	MRI ANGIO RLE W/O CONTRST (73725RT/ C891	2662	C9999
4285157	MRI ANGIO RLE W/CONTRAST (73725RT/C8912)	2984	C9999
4285158	MRI ANGIO LLE WO+W CNTRST 73725LT C8914	3996	C9999
4285159	MRI ANGIO LLE W/O CONTRST 73725LT C8913	2662	C9999
4285160	MRI ANGIO LLE W/CONTRAST 73725LT C8912	2984	C9999
4285200	MRI BRAIN W/O CONTRAST	2662	70551
4285390	MR BRAIN SPECTROSCOPY 76390/C9999 MC NC	746	C9999
4285400	MRI BRAIN WITH CONTRAST	3072	70552
4285405	MRI BRAIN W + W/O CONTRST	3996	70553
4285408	MRI BREAST LT LES.LOC.W/C	2662	77021
4285409	MRI BREAST RT LES.LOC W/C	2662	77021
4285411	MRI BREAST LEFT W/CONTRST 77058LT /C8903	2662	C9999
4285412	MRI BREAST RIGHT W/CNTRST 77058RT C8903	2662	C9999
4285415	MRI BREAST BILAT W/CNTRST 77059 / C8906	3803	C9999
4285416	MRI BREAST LEFT W/O CNTRS 77058 / C8904	2662	C9999
4285417	MRI BREAST RIGHT W/O CNTR (77058 / C8904	2662	C9999

# SUPPLEMENTAL- # 2

May 30, 2013

8:32 am

4285418	MRI BREAST BILAT W/O CNTR (77059 / C8907	3803	C9999
4285420	MRI GUID.LT BREAST BIOPSY	0	
4285421	MRI GUID.RT BREAST BIOPSY	0	
4285502	MRI CHEST/BRCH.PLEX.W/O C	2662	71550
4285504	MRI CHEST/BRCH.PLEX.W/CNT	2984	71551
4285506	MRI CHEST/BRCH.PLEX.W/O+W	3996	71552
4285620	MRI SHOULDER LEFT W/CONTR	2984	73222LT
4285621	MRI SHOULDER RIGHT W/CONT	2984	73222RT
4285622	MRI SHOULDER LEFT W/O CNT	2662	73221LT
4285623	MRI SHOULDER RIGHT W/O CN	2662	73221RT
4285624	MRI SHOULDER LEFT WOW CNT	3996	73223LT
4285625	MRI SHOULDER RIGHT WOW CN	3996	73223RT
4285626	MRI HUMERUS LEFT W/CONTRS	2984	73219LT
4285627	MRI HUMERUS RIGHT W/CONTR	2984	73219RT
4285628	MRI HUMERUS LEFT W/O CNTR	2662	73218LT
4285629	MRI HUMERUS RIGHT W/O CNT	2662	73218RT
4285630	MRI HUMERUS LEFT WOW CNTR	3996	73220LT
4285631	MRI HUMERUS RIGHT WOW CNT	3996	73220RT
4285632	MRI ELBOW LEFT W/CONTRAST	2984	73222LT
4285633	MRI ELBOW RIGHT W/CONTRST	2984	73222RT
4285634	MRI ELBOW LEFT W/O CONTRS	2662	73221LT
4285635	MRI ELBOW RIGHT W/O CONTR	2662	73221RT
4285636	MRI ELBOW LEFT WOW CONTRS	3996	73223LT
4285637	MRI ELBOW RIGHT WOW CONTR	3996	73223RT
4285638	MRI FOREARM LEFT W/CONTRS	2984	73219LT
4285639	MRI FOREARM RIGHT W/CONTR	2984	73219RT
4285640	MRI FOREARM LEFT W/O CNTR	2662	73218LT
4285641	MRI FOREARM RIGHT W/O CNT	2662	73218RT
4285642	MRI FOREARM LEFT WOW CNTR	3996	73220LT
4285643	MRI FOREARM RIGHT WOW CNT	3996	73220RT
4285644	MRI WRIST LEFT W/CONTRAST	2984	73222LT
4285645	MRI WRIST RIGHT W/CONTRST	2984	73222RT
4285646	MRI WRIST LEFT W/O CONTRS	2662	73221LT
4285647	MRI WRIST RIGHT W/O CONTR	2662	73221RT
4285648	MRI WRIST LEFT WOW CONTRS	3996	73223LT
4285649	MRI WRIST RIGHT WOW CONTR	3996	73223RT
4285650	MRI HAND LEFT W/CONTRAST	2984	73219LT
4285651	MRI HAND RIGHT W/CONTRAST	2984	73219RT
4285652	MRI HAND LEFT W/O CONTRST	2662	73218LT
4285653	MRI HAND RIGHT W/O CNTRST	2662	73218RT
4285654	MRI HAND LEFT WOW CONTRST	3996	73220LT
4285655	MRI HAND RIGHT WOW CONTRS	3996	73220RT
4285656	MRI HIP LEFT W/CONTRAST	2984	73722LT
4285657	MRI HIP RIGHT W/CONTRAST	2984	73722RT
4285658	MRI HIP LEFT W/O CONTRAST	2662	73721LT
4285659	MRI HIP RIGHT W/O CONTRST	2662	73721RT
4285660	MRI HIP LEFT WOW CONTRAST	3996	73723LT
4285661	MRI HIP RIGHT WOW CONTRST	3996	73723RT
4285662	MRI FEMUR LEFT W/CONTRAST	2984	73719LT
4285663	MRI FEMUR RIGHT W/CONTRST	2984	73719RT
4285664	MRI FEMUR LEFT W/O CONTRS	2662	73718LT
4285665	MRI FEMUR RIGHT W/O CONTR	2662	73718RT

# SUPPLEMENTAL- # 2

May 30, 2013

8:32 am

4285666	MRI FEMUR LEFT WOW CONTRS	3996	73720LT
4285667	MRI FEMUR RIGHT WOW CONTR	3996	73720RT
4285668	MRI KNEE LEFT W/CONTRAST	2984	73722LT
4285669	MRI KNEE RIGHT W/CONTRAST	2984	73722RT
4285670	MRI KNEE LEFT W/O CONTRST	2662	73721LT
4285671	MRI KNEE RIGHT W/O CONTRS	2662	73721RT
4285672	MRI KNEE LEFT WOW CONTRST	3996	73723LT
4285673	MRI KNEE RIGHT WOW CONTRS	3996	73723RT
4285674	MRI TIB/FIB LEFT W/CONTR	2984	73719LT
4285675	MRI TIB/FIB RIGHT W/CONTR	2984	73719RT
4285676	MRI TIB/FIB LEFT W/O CNTR	2662	73718LT
4285677	MRI TIB/FIB RIGHT W/O CNT	2662	73718RT
4285678	MRI TIB/FIB LEFT WOW CNTR	3996	73720LT
4285679	MRI TIB/FIB RIGHT WOW CNT	3996	73720RT
4285680	MRI ANKLE LEFT W/CONTRAST	2984	73722LT
4285681	MRI ANKLE RIGHT W/CONTRST	2984	73722RT
4285682	MRI ANKLE LEFT W/O CONTRS	2662	73721LT
4285683	MRI ANKLE RIGHT W/O CONTR	2662	73721RT
4285684	MRI ANKLE LEFT WOW CONTRS	3996	73723LT
4285685	MRI ANKLE RIGHT WOW CONTR	3996	73723RT
4285686	MRI FOOT LEFT W/CONTRAST	2984	73719LT
4285687	MRI FOOT RIGHT W/CONTRAST	2984	73719RT
4285688	MRI FOOT LEFT W/O CONTRST	2662	73718LT
4285689	MRI FOOT RIGHT W/O CONTRS	2662	73718RT
4285690	MRI FOOT LEFT WOW CONTRST	3996	73720LT
4285691	MRI FOOT RIGHT WOW CONTRS	3996	73720RT
4285750	MISC SERVICES	0	C9999
4286010	MRI IAC W/O CONTRAST	2662	70540
4286020	MRI IAC WITH CONTRAST	2984	70542
4286025	MRI IAC W + W/O CONTRAST	3996	70553
4286030	MRI LIMITED STUDY	858	C9999
4286201	MR MYOCARD/THOR.AORTA W/O	2662	75557
4286202	MR MYOCARD/THOR.AORTA WOW	3996	75561
4286402	MRI ORB/FACE/NCK W/O CNTR	2662	70540
4286404	MRI ORB/FACE/NCK W/CNTRST	2984	70542
4286406	MRI ORB/FACE/NCK W/O+W CN	3996	70543
4286410	MR-PT MONITORING SUPPLIES	1	
4286412	MRI CLIPLOC TISSUE MARKER	349	
4286502	MRI PELVIS W/O CONTRAST	2662	72195
4286504	MRI PELVIS W/ CONTRAST	2984	72196
4286506	MRI PELVIS W/O+W/CONTRAST	3996	72197
4286510	MRI SELLA/PITUIT W/O CONT	2662	70551
4286520	MRI SELLA/PITUIT WITH CON	2984	70553
4286530	MRI SELLA/PIT W+W/O CONTR	3996	70553
4286600	MRI SPINE CERV W/O CONT	2662	72141
4286700	MRI SPINE CERV WITH CONT	2984	72142
4286705	MRI SPINE CERV W+W/O CNTR	3996	72156
4286800	MRI SPINE THOR W/O CONT	2662	72146
4286900	MRI SPINE THOR WITH CONT	3112	72147
4286905	MRI SPINE THOR W+W/O CNTR	3996	72157
4287000	MRI SPINE LUMB W/O CONT	2662	72148
4287100	MRI SPINE LUMBAR WITH CON	3108	72149

**SUPPLEMENTAL- # 2****May 30, 2013****8:32 am**

4287105	MRI SPINE LUMB W+W/O CNTR	3996	72158
4287200	MRI TMJ JOINT(S)	2662	70336
4288001	MR OO CER/LUM SPINE W/CON	0	
4288002	MR OO CER/LUM SPINE WO CN	0	
4288003	MR OO CER/LUM SPINE WOW C	0	
4288004	MR OO CTL SPINE W/CONTRST	0	
4288005	MR OO CTL SPINE WO CONTRS	0	
4288006	MR OO CTL SPINE WOW CONTR	0	
4288007	MR OO CER/THOR SPINE W/CN	0	
4288008	MR OO CER/THOR SPINE WO C	0	
4288009	MR OO CER/THOR SPINE WOW	0	
4288010	MR OO THOR/LUM SPINE W/CN	0	
4288011	MR OO THOR/LUM SPINE WO C	0	
4288012	MR OO THOR/LUM SPINE WOW	0	
4288020	MRA OO LE BILAT.W/CONTRST	0	
4288021	MRA OO LE BILAT.W/O CONTR	0	
4288022	MRA OO LE BILAT WOW CONTR	0	
4289001	(c) MRI GUID.LT BREAST BIOPSY	2762	77021
4289002	(c) MRI GUID.RT BREAST BIOPSY	2762	77021

**APPENDIX III (7) b**

**JOINT COMMISSION ACCREDITATION  
AND  
HOSPITAL LICENSE**

January 23, 2013

Re: # 7865

CCN: #440011

Program: Hospital

Accreditation Expiration Date: October 27, 2015

I. D. Heinemann  
Administrator  
Blount Memorial Hospital, Inc.  
907 East Lamar Alexander Parkway  
Maryville, Tennessee 37804-5016

Dear Mr. Heinemann:

This letter confirms that your October 22, 2012 - October 26, 2012 unannounced full resurvey was conducted for the purposes of assessing compliance with the Medicare conditions for hospitals through The Joint Commission's **deemed status survey process**.

Based upon the submission of your evidence of standards compliance on December 07, 2012 and January 11, 2013, the areas of deficiency listed below have been removed. The Joint Commission is granting your organization an accreditation decision of Accredited with an effective date of October 27, 2012. We congratulate you on your effective resolution of these deficiencies.

§482.13 Condition of Participation: Patient's Rights  
§482.41 Condition of Participation: Physical Environment  
§482.51 Condition of Participation: Surgical Services

The Joint Commission is also recommending your organization for continued Medicare certification effective October 27, 2012. Please note that the Centers for Medicare and Medicaid Services (CMS) Regional Office (RO) makes the final determination regarding your Medicare participation and the effective date of participation in accordance with the regulations at 42 CFR 489.13. Your organization is encouraged to share a copy of this Medicare recommendation letter with your State Survey Agency.

This recommendation applies to the following locations:

Blount Memorial Hospital Counseling and CONCERN  
262 Cherokee Professional Park, Maryville, TN, 37804

Blount Memorial Hospital Total Rehabilitation at Alcoa  
264 Joule Street, Alcoa, TN, 37701

Blount Memorial Hospital, Inc.  
907 East Lamar Alexander Parkway, Maryville, TN, 37804-5016

Blount Memorial Sleep Health Center  
710 Morganton Square, Maryville, TN, 37801

Blount Memorial Total Rehabilitation at Cherokee  
1410 Sevierville Road, Maryville, TN, 37804

Blount Memorial Total Rehabilitation at Maryville  
829 East Lamar Alexander Parkway, Maryville, TN, 37804

Business Health/Diagnostic Center/Outpatient Rehab  
220 Associates Blvd, Alcoa, TN, 37701

Business Health/Outpatient Rehab  
110 Deer Crossing, Vonore, TN, 37885

East Tennessee Medical Group  
266 Joule Street, Alcoa, TN, 37701

Transitional Care Center at Morning View Village  
2320 E. Lamar Alexander Parkway, Maryville, TN, 37804

We direct your attention to some important Joint Commission policies. First, your Medicare report is **publicly accessible as required by the Joint Commission's agreement with the Centers for Medicare and Medicaid Services**. Second, Joint Commission policy requires that you inform us of any changes in the name or ownership of your organization, or health care services you provide.

Sincerely,



Mark G. Pelletier, RN, MS  
Chief Operating Officer  
Division of Accreditation and Certification Operations

cc: CMS/Central Office/Survey & Certification Group/Division of Acute Care Services  
CMS/Regional Office 4 /Survey and Certification Staff

January 23, 2013

I. D. Heinemann, BS, MS, FACHE  
Administrator  
Blount Memorial Hospital, Inc.  
907 East Lamar Alexander Parkway  
Maryville, TN 37804-5016

Joint Commission ID #: 7865  
Program: Hospital Accreditation  
Accreditation Activity: 60-day Evidence of  
Standards Compliance  
Accreditation Activity Completed: 01/11/2013

Dear Mr. Heinemann:

The Joint Commission would like to thank your organization for participating in the accreditation process. This process is designed to help your organization continuously provide safe, high-quality care, treatment, and services by identifying opportunities for improvement in your processes and helping you follow through on and implement these improvements. We encourage you to use the accreditation process as a continuous standards compliance and operational improvement tool.

The Joint Commission is granting your organization an accreditation decision of Accredited for all services surveyed under the applicable manual(s) noted below:

- Comprehensive Accreditation Manual for Hospitals

This accreditation cycle is effective beginning October 27, 2012. The Joint Commission reserves the right to shorten or lengthen the duration of the cycle; however, the certificate and cycle are customarily valid for up to 36 months.

Please visit Quality Check® on The Joint Commission web site for updated information related to your accreditation decision.

We encourage you to share this accreditation decision with your organization's appropriate staff, leadership, and governing body. You may also want to inform the Centers for Medicare and Medicaid Services (CMS), state or regional regulatory services, and the public you serve of your organization's accreditation decision.

Please be assured that The Joint Commission will keep the report confidential, except as required by law. To ensure that The Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

Sincerely,



Mark G. Pelletier, RN, MS

Chief Operating Officer

Division of Accreditation and Certification Operations

# Board for Licensing Health Care Facilities



State of Tennessee

0000000004

No. of Beds 0304

## DEPARTMENT OF HEALTH

*This is to certify, that a license is hereby granted by the State Department of Health to*

*to conduct and maintain a*

Hospital

BLOUNT MEMORIAL HOSPITAL

Located at

907 EAST LAMAR ALEXANDER PARKWAY, MARYVILLE

County of

BLOUNT

Tennessee.

*This license shall expire* APRIL 15, 2014, *and is subject to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable, and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the laws of the State of Tennessee or the rules and regulations of the State Department of Health issued thereunder.*

*In Witness Whereof, we have hereunto set our hand and seal of the State this* 15TH *day of* APRIL, 2013.

*In the Distinct Category(ies) of:*

GENERAL HOSPITAL  
PEDIATRIC BASIC HOSPITAL  
TRAUMA CENTER LEVEL 3



By *Vincent J. Davis, MPH*  
DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

By *John J. Dyer, MS*  
COMMISSIONER  
May 30, 2013  
8:32am

**Revised Plot Plan  
Showing the location of the MRI**



**Revised Historical Data Chart  
And  
Projected Data Chart**

**HISTORICAL DATA CHART**

Give information for the last *three (3)* years for which complete data are available for the facility or agency.  
The fiscal year begins in JULY 1 (Month)

	Year 2010	Year 2011	Year 2012
A. Utilization Data (Specify unit of measure)	2385	2370	2493
B. Revenue from Services to Patients			
1. Inpatient Services	\$ _____	\$ _____	\$ _____
2. Outpatient Services	\$6,198,868	\$6,401,918	\$6,987,879
3. Emergency Services	_____	_____	_____
4. Other Operating Revenue (Specify) _____	_____	_____	_____
<b>Gross Operating Revenue</b>	<b>\$6,198,868</b>	<b>\$6,401,918</b>	<b>\$6,987,879</b>
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$3,891,339	\$4,197,418	\$4,744,071
2. Provision for Charity Care	\$ 292,897	\$ 315,935	\$ 357,081
3. Provisions for Bad Debt	Included in C 1	Included in C 1	Included in C 1
<b>Total Deductions</b>	<b>\$4,184,236</b>	<b>\$4,513,352</b>	<b>\$5,101,152</b>
<b>NET OPERATING REVENUE</b>	<b>\$2,014,632</b>	<b>\$1,888,566</b>	<b>\$1,886,727</b>
D. Operating Expenses			
1. Salaries and Wages	\$ 105,057	\$ 107,210	\$ 109,397
2. Physician's Salaries and Wages	_____	_____	_____
3. Supplies	\$ 130,267	\$ 136,090	\$ 150,580
4. Taxes	_____	_____	_____
5. Depreciation	\$ 320,000	_____	_____
6. Rent	_____	_____	_____
7. Interest, other than Capital	_____	_____	_____
8. Management Fees:			
a. Fees to Affiliates	\$ 0	\$ 0	\$ 0
b. Fees to Non-Affiliates	\$ 0	\$ 0	\$ 0
9. Other Expenses – Specify MAINTENANCE CONTRACT	\$ 170,000	\$ 170,000	\$ 170,000
<b>Total Operating Expenses</b>	<b>\$ 725,324</b>	<b>\$ 413,300</b>	<b>\$ 429,977</b>
E. Other Revenue (Expenses) – Net (Specify) _____	\$ 0	\$ 0	\$ 0
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$1,289,308</b>	<b>\$1,475,266</b>	<b>\$1,456,751</b>
F. Capital Expenditures			
1. Retirement of Principal	\$ _____	\$ _____	\$ _____
2. Interest	_____	_____	_____
<b>Total Capital Expenditures</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES</b>	<b><u>\$1,289,308</u></b>	<b><u>\$1,475,266</u></b>	<b><u>\$1,456,751</u></b>

**PROJECTED DATA CHART**

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in **July 1** (Month).

	<b>Year One</b>	<b>Year Two</b>
A. Utilization Data (Specify unit of measure)	2543	2594
B. Revenue from Services to Patients		
1. Inpatient Services	\$ _____	\$ _____
2. Outpatient Services	\$7,679,860	\$8,132,190
3. Emergency Services	_____	_____
4. Other Operating Revenue (Specify) _____	_____	_____
<b>Gross Operating Revenue</b>	<b>\$7,679,860</b>	<b>\$8,132,190</b>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$5,356,702	\$5,899,091
2. Provision for Charity Care	\$ 403,193	\$ 444,018
3. Provisions for Bad Debt	Included in C1	Included in C1
<b>Total Deductions</b>	<b>\$5,759,895</b>	<b>\$6,343,108</b>
<b>NET OPERATING REVENUE</b>	<b>\$1,919,965</b>	<b>\$1,789,082</b>
D. Operating Expenses		
1. Salaries and Wages	\$ 112,679	\$ 116,059
2. Physician's Salaries and Wages	_____	_____
3. Supplies	\$ 168,838	\$ 181,024
4. Taxes	_____	_____
5. Depreciation	\$ 349,439	\$ 349,439
6. Rent	_____	_____
7. Interest, other than Capital	_____	_____
8. Management Fees:		
a. Fees to Affiliates	\$ 0	\$ 0
b. Fees to Non-Affiliates	\$ 0	\$ 0
9. Other Expenses -- Specify SERVICE CONTRACT	\$ 0	\$ 157,720
<b>Total Operating Expenses</b>	<b>\$ 630,956</b>	<b>\$ 804,242</b>
E. Other Revenue (Expenses) -- Net (Specify) _____	\$ _____	\$ _____
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$1,289,009</b>	<b>\$ 984,840</b>
F. Capital Expenditures		
1. Retirement of Principal	\$ _____	\$ _____
2. Interest	\$ 95,176	\$ 80,875
<b>Total Capital Expenditures</b>	<b>\$ 95,176</b>	<b>\$ 80,875</b>

2013 MAY 30 AM 8 36  
Net Operating Income less Capital Expenditures \$1,193,833 \$ 903,965

### HISTORICAL DATA CHART-OTHER EXPENSES

<u>OTHER EXPENSES CATEGORIES</u>	Year____	Year____	Year____
1. Maintenance Contract	\$170,000	\$170,000	\$170,000
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____
6.	_____	_____	_____
7.	_____	_____	_____
<b>Total Other Expenses</b>	<b>\$170,000</b>	<b>\$170,000</b>	<b>\$170,000</b>

### PROJECTED DATA CHART-OTHER EXPENSES

<u>OTHER EXPENSES CATEGORIES</u>	Year One	Year Two
1. Service Contract for replacement MRI *	\$ 0	\$ 157,720
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____
6.	_____	_____
7.	_____	_____
<b>Total Other Expenses</b>	<b>\$ 0</b>	<b>\$ 157,720</b>

\* MRI will be under warranty in Year One, therefore no need for Service Contract fee.

**May 30, 2013**

**8:32 am**

**Confirmation from  
Ms. Alecia Craighead, Statistical Analyst  
Indicating that Blount Memorial's  
Medical Data Submission is Complete**

**May 30, 2013  
8:32 am**

**Ted .  
Mashburn/BlountMemorialHos  
pital**

05/28/2013 01:35 PM

To Jane T.  
Nelson/BlountMemorialHospital@BlountMemorialHospital

cc

bcc

Subject Fw: Confirmation Final

FYI

Ted Mashburn, RTR  
Administrative Director of Radiology Services  
Blount Memorial Hospital  
865-977-5566  
Fax 865-977-5662

----- Forwarded by Ted . Mashburn/BlountMemorialHospital on 05/28/2013 01:35 PM -----



**"Alecia L. Craighead"  
<Alecia.L.Craighead@tn.gov  
>**

05/24/2013 10:23 AM

To "TMashbur@bmnet.com" <TMashbur@bmnet.com>

cc "'kmmcdani@bmnet.com'" <kmmcdani@bmnet.com>

Subject Confirmation Final

Ted,

I have received the utilization by payor source and utilization by county for Blount Memorial Hospital and Blount Memorial Springbrook Diagnostic Center. I have also received the updated registration for Blount Memorial Springbrook Diagnostic Center. With these submissions and the previously submitted Blount Memorial Hospital registration, you have now completed this year's update.

Congratulations! You have survived another wacko year of updates.

Thank you so very much for all of your help with these.

I hope you have a great rest of 2013.

Thanks again.

Alecia

Alecia L. Craighead  
Statistical Analyst  
Health Services and Development Agency  
161 Rosa L. Parks Blvd.  
Nashville, TN 37243  
Office: 615.253.2782  
Fax: 615.741.9884  
alecia.l.craighead@tn.gov

**Notarized Affidavits**

May 30, 2013  
8:32 amAFFIDAVIT

2013 MAY 30 AM 8 37

STATE OF TENNESSEE

COUNTY OF BlountNAME OF FACILITY: Blount Memorial Hospital

I, Jane T.H. Nelson, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Jane T.H. Nelson Assistant  
Signature/Title Administrator

A circular notary seal for Susan H. McGuire, a Notary Public in the State of Tennessee, specifically for the County of Blount. The seal is stamped over the signature of Jane T.H. Nelson.

Sworn to and subscribed before me, a Notary Public, this the 30th day of May, 2013,  
witness my hand at office in the County of Blount, State of Tennessee.

Susan H. McGuire  
NOTARY PUBLIC

My commission expires 9-25-16.

HF-0043

Revised 7/02

AFFIDAVIT

2013 MAY 30 AM 8 37

STATE OF TENNESSEE

COUNTY OF

Blount

NAME OF FACILITY:

Blount Memorial Hospital

I, Jane T.H. Nelson, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Signature/Title

Assistant Administrator

Sworn to and subscribed before me, a Notary Public, this the 30th day of May, 2013, witness my hand at office in the County of Blount, State of Tennessee.

Susan H. McGuire  
NOTARY PUBLIC

My commission expires 9-25-16.

# **Copy**

## **Supplemental #2**

**Blount Memorial Hospital**

**CN1305-015**



**Blount Memorial**  
Hospital

907 East Lamar Alexander Parkway  
Maryville, Tennessee 37804  
865-983-7211

May 28, 2013

2013 MAY 30 AM 8 35

**SUPPLEMENTAL- # 2**

May 30, 2013

**Robert Redwine** 8:32 am  
President of the Board

**Dr. Ted Flickinger**  
Vice President of the Board

**Don Heinemann**  
Chief Executive Officer

**Medical Staff**

**Dr. John Niethammer**  
Chief of Staff

**Dr. Teresa Catron**  
Vice Chief of Staff

**Dr. Julie Turner**  
Secretary/Treasurer

**Dr. Deaver Shattuck**  
Immediate Past Chief of Staff

Phillip Earhart  
Health Services Development Examiner  
Health Services Development Agency  
161 Rosa Parks Boulevard  
Nashville, TN 37203

RE: Certificate of Need Application CN1305-015

Dear Mr. Earhart:

In accordance with your request for additional information, I have included the additional supplement question along with my response.

---

**1. Supplemental Response**

The applicant responded to supplemental questions with only a response. In answering questions, please type the question and the response. Please **resubmit** your first supplemental response in this format and include any additional questions included with this supplemental request.

**Response:**

Enclosed please find the first set of supplemental questions along with the full question.

**2. Section B, Project Description, Item III. (A)**

The provided plot plan is noted. Please indicate the location of the proposed MRI on the plot plan.

**Response:**

Enclosed please find the plot plan showing the proposed location of the replacement MRI relative to the building and site plan.

**3. Section C, Economic Feasibility, Item 4. (Historical Data Chart and Projected Data Chart)**

Please resubmit the Springbrook Historical Data Chart with the revised HSDA projected data chart that includes management fees. A sample historical data chart is enclosed.

Please provide a Historical Data Chart for Blount Memorial Hospital that includes management fees. **may 30 AM 8 35**

Please provide a Projected Data Chart that includes management fees. A revised Projected Data Chart is included as an attachment.

**Response:**

Enclosed please find the revised Historical Chart and Projected Data Chart with 'zero' indicated for management fees.

**4. Section C., Economic Feasibility, Item 9.**

Please report the estimated dollar amount of revenue anticipated from each of TennCare/Medicaid and Medicare in Year One and Year Two. The mathematical equation is gross revenue x percentage of TennCare/Medicaid and/or Medicare=estimated dollar amount.

**Response:**

The anticipated NET revenue from TennCare/Medicaid program and Medicare/Medicare Advantage program in the Projected Years' One and Two as a percent of GROSS charges is 2.0% and 7.1% in Year One respectively, and 1.8% and 6.8% in Year Two. The net revenue figures for these percentages in Year One are \$147,376 for TennCare and \$548,583 for Medicare/Medicare Advantage. In Year Two, the net revenue figures are \$146,248 for TennCare and \$553,014 for Medicare/Medicare Advantage. In terms of volume of patients, TennCare represents 12% of patients, and Medicare/Medicare Advantage represents 30% of patients.

**5. Section C. Orderly Development, Item 11**

The submission of medical equipment data to HSDA is incomplete. Please resubmit the 2012 utilization by payor source, by county and updated equipment registration for Blount Memorial Hospital and Blount Memorial Hospital at Springbrook to Alecia Craighead, Statistical Analyst, Health Services and Development Agency. Please contact Ms. Craighead at 615-253-2782 if you have any questions.

**Response:**

Ms. Alecia Craighead is now in receipt of all of data submission and enclosed please find a copy of an e-mail from Ms. Craighead to Ted Mashburn, the Administrative Director of Radiology at Blount Memorial Hospital in which she confirms the submission is complete.

**6. Affidavit**

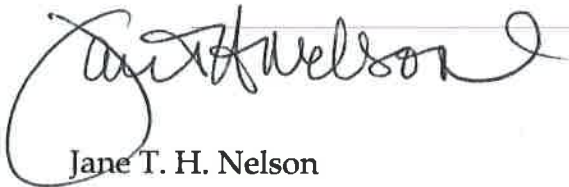
A signed and notarized affidavit must be submitted with each filing of an application and supplemental information. An affidavit was not included with the previous supplemental response. Please submit a completed affidavit for this supplemental information request.

**Response:**

**Enclosed please find notarized affidavits for the prior supplemental response and for this response.**

Should you have any questions regarding my response, please don't hesitate to contact me at 865-981-2310.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jane T. H. Nelson". The signature is written in dark ink and is positioned above the printed name and title.

Jane T. H. Nelson  
Assistant Administrator

Enc.

**Resubmitted Supplemental Response  
With the  
Full Question in the Response**



**Blount Memorial**  
Hospital

907 East Lamar Alexander Parkway  
Maryville, Tennessee 37804  
865-983-7211

2013 MAY 30 AM 8 35

May 28, 2013

Philip Earhart  
Health Services Development Agency Examiner Health  
Services and Development Agency  
161 Rosa L. Parks Boulevard  
Nashville, TN 37203

RE: Certificate of Need Application CN1305-015 Supplemental Questions

Dear Mr. Earhart:

In response to the supplemental questions you submitted, I have responded to each questions as indicated below:

1. Bed Complement Data Chart

*There appears to be a clerical error by placing "94" in the beds proposed column for surgical beds.*

*Please revise and resubmit the bed complement data chart.*

**Response: Enclosed please find the corrected chart.**

2. Section 1 Project Description

*The applicant states there are at least seven patients a month who suffer from claustrophobia who need greater MRI table weight capacity or increased bore width. Please indicate where these patients are currently referred for services.*

*Please provide a general overview of the primary care services and specialty services that are available at the 266 Joule Street Location.*

*The applicant states East Tennessee Medical Group was the previous owner of the 266 Joule Street location. Please clarify the date this site and physician practice was acquired by Blount Memorial Hospital*

**Response:**

**The we have not kept data regarding the location that patients were referred to, only that a patient had to be referred. However, the staff said that patients would likely be referred to the University of TN Medical Center or Parkwest Hospital, a member of Covenant Health.**

**The effective date that Blount Memorial Hospital owned the building that was previously**

**SUPPLEMENTAL- # 2**

**May 30, 2013**

**Robert Redwine 8:32 am**  
President of the Board

**Dr. Ted Flickinger**  
Vice President of the Board

**Don Heinemann**  
Chief Executive Officer

**Medical Staff**

**Dr. John Niethammer**  
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Vice Chief of Staff

**Dr. Julie Turner**  
Secretary/Treasurer

**Dr. Deaver Shattuck**  
Immediate Past Chief of Staff

owned by East Tennessee Medical Group was October 1, 2012. The Warranty Deed was recorded October 26, 2012. We did not 'purchase' the practice, just the building and its contents. The physicians became part of Blount Memorial Physician Group. The physicians who practice at that site include Family Practice, Internal Medicine, Gynecologist, Pulmonologists, Neurologists, Cardiologists, Rheumatologists, Oncologist, General Surgeons, and Vascular Surgeon. In addition, there is a walk-in clinic that operates with extended hours in the evenings and weekends.

**3. Project Description, Section II.A**

*Please clarify if the applicant plans to surrender the CON for an MRI at the current Sunnybrook location.*

*The applicant states when the East Tennessee Medical Group owned the existing building, they intended to place an MRI in the building, but were not successful in obtaining a CON. Please provide a brief overview of the previously filed CON and the reason why it was denied.*

*What is the strength of the MRI that is slated to be removed from Springbrook? What are the plans for the Springbrook Outpatient Diagnostic Center? Is the applicant planning to close the ODC?*

**Response:**

**We weren't sure if the existing CON would be transferred or a new one issued, but yes the Hospital will surrender the existing CON for the MRI at its current Springbrook location.**

**At the time ETMG applied for an MRI, Blount Memorial had its MRI in operation at both the hospital location and at Springbrook. The ETMG applicant indicated that the group had difficulty getting patients scheduled at either location. It was proven otherwise at the hearing and the ETMG application was denied. I don't have the exact reason recorded by Health Development Agency, but that is my understanding of why the application was not approved. Blount Memorial demonstrated that we had the capacity to accommodate the practices' referrals.**

**The strength of the MRI that will be removed from the Springbrook location is a 1.5T, 60 cm bore, with table capacity of 350 pounds.**

**We have no plans to close our Springbrook site as it also a site for our Outpatient Rehabilitation (PT, OT, ST) services, an Occupational Medicine Clinic, a Family Practice Clinic, a Pediatric Practice and our Wellness Facility. We will likely keep X-ray capability at Springbrook, but as indicated, the other diagnostic equipment will be moved to the ETMG site.**

**4. Section B, Project Description, Item II. C**

*Please indicate what other outpatient medical equipment will also be moved to the 266 Joule Street location.*

**Response:**

**The other diagnostic equipment that will be moved from the Springbrook site includes some of the diagnostic x-ray equipment and ultrasound equipment. We also have a CT at the Springbrook site but plan to move it to the hospital as it is a newer model and will replace an older model CT at the hospital.**

5. Section B, Project Description, Item II. C. E. 1-3

*The applicant's response to the three questions on pages 10 is noted. However, please provide a response underneath each question (1-3) rather than answering each question together at the end in a paragraph.*

**Response: The response is provided under each question as requested.**

*1. For Fixed-site major medical equipment (not replacing existing equipment):*

*(a) Describe the new equipment, including:*

- 1. Total Cost; (as defined by Agency Rule).*
- 2. Expected useful life;*
- 3. List of clinical applications to be provided; and*
- 4. Documentation of FDA approval*

**Response: This question pertains to new equipment, not replacing existing equipment. However, we are proposing to replace and move existing services. We are proposing to upgrade our existing equipment to a 3-T wide bore MRI.**

- (1) Total Cost of the project, including filing fee = \$2,214,216**
- (2) Expected useful life: Depreciation is based on five years per accounting standards; from a practical standpoint, we expect its useful life to be eight years;**
- (3) Clinical applications With the latest MRI technology we expect improved image quality, and faster scans to provide MRI for the entire body including, but not limited to head, neck, TMJ, spine, breast, heart, abdomen, pelvis, joints, prostate, blood vessels, and musculoskeletal regions of the body.**
- (4) Documentation of FDA Approval Appendix C-1- of the application has an FDA letter and is included with this letter too.**

*(b) Provide current d proposed schedule of operations.*

**Response:**

**The current and proposed hours of operation are from 8:00am 5:00 pm, but as necessary, the staff will stay to serve patients that may run over that time frame.**

*2. For mobile major medical equipment:*

**Response: Not Applicable.**

*3. Indicate applicant's legal interest in equipment (own or lease). In the case of equipment purchased include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.*

**Response:**

**As indicated, Blount Memorial plans to purchase the replacement MRI. The quote from the manufacturer is provided in Appendix B-E-3 (a) and the purchase price for the MRI is listed as \$1,747,195.**

6. Section B, Project Description, Item II. C. 3.

*The applicant states the approval of a 3 Tesla MRI would provide less patient referrals to Knoxville to obtain use of a 3T wide bore MRI. Which provider does the applicant refer patients for 3 Tesla MRI services and approximately how many per month?*

*The applicant states the new 3 tesla MRI would have a weight capacity of 500 pounds. The applicant also states Blount Memorial Hospital is a Bariatric Center of Excellence. Where does the applicant plan to refer patients who weigh more than 500 lbs. for MRI services?*

*The total cost of \$2,209,245 in replacing the existing MRI is noted. Are there any government fees or taxes in the cost of replacing the proposed MRI?*

**Response:**

**As indicated we send approximately seven patients per month because of the weight limitations of the existing MRI, and approximately eight patients a month because of claustrophobia for a total of 15 patients referred per month. We do not keep track of the referred location for these patients, but we believe most are referred to the University of TN Medical Center, with some going to Parkwest Medical Center.**

**If a patient weighs more than 500 pounds, we are not aware of an MRI in this area that could accommodate a patient over this weight and the patient is simply not able to have an MRI.**

**There are no government fees or taxes associated with the cost of replacing the proposed MRI.**

7. Section B, Project Description, Item III (A)

*The provided plot plan is noted. Please provide a more legible plot plan and indicate the location of the proposed MRI structure on the site.*

**Response:**

**Enclosed please find another plot plan for the ETMG site. The difficulty with legibility is that it was condensed to 8" by 11" from a much larger plan.**

8. Section C, Need Item I

*Please discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan.*

*Please indicate when the applicant plans to achieve the minimum standard of 2,880 MRI procedures per year for the proposed relocated 3.0 Tesla MRI according to the State Health Plan, Certificate of Need Standards and Criteria for Magnetic Resonance Imaging Services.*

**Response:**

**The State of TN Health Plan's Five Principles for Achieving Better Health include:**

**(1) Healthy Lives improving physical activity, reducing obesity, reducing tobacco use, improving mental health and environmental quality and assuring children are immunized. It is difficult to directly relate the continued service of an MRI with these initiatives. However, as indicated we are a Bariatric Center of Excellence and have a**

Weight Management program that provides alternatives to surgery and have sponsored a Community Health Initiative since 1995 that has addressed all of the Healthy Lives issues. Our providers address these patient related issues on a daily basis and MRI services can aid in the diagnosis of these health related problems. We serve all payer groups, including the provision of charity care. Blount County, our primary service area, ranks 4th in the State in terms of the 'healthiest' according to "County Health Rankings and Roadmaps" as prepared by the University of Wisconsin Research.

(2) Access to Care As indicated we provide services to all payer groups including charity are provisions.

(3) Economic Efficiencies Our proposed project would create greater efficiencies by combining diagnostic services to one primary location. Tennessee's health care spending is likely higher than other State's due to its health ranking and its 'health' rankings are primarily due to life style choices.

(4) Quality of Care Blount Memorial Hospital actively engages in continuous quality improvement efforts. We are Joint Commission accredited, including Joint Commission accreditation for Stroke, we have the distinction of being the only hospital in East TN to be ranked in the top 5% of the nation for clinical performance and are the second year recipient of the Distinguished Hospital for Clinical Excellence from Healthgrades, including Healthgrade top awards in Coronary Intervention, GI procedures, General Surgery, and Pulmonary Care.

(5) Health Care Workforce Again, it's difficult to say how this project directly affects the provision of a qualified workforce. However, we do work with area schools to provide a learning environment for RN's, medical school students, pharmacy residents, LPN's, Radiological staff and other staff as needed.

As indicated in the projected income statements, we expect the outpatient MRI volume to approximate 2,594 at the proposed ETMG site by Year Two. At this growth rate, plus with our ability to treat patients that we refer out we would expect to achieve the minimum standard of 2,880 volume sometime in year four of operation at the ETMG site.

9. Section C, Need item 4.A

*Your response to this item is noted. Using population data from the Department of Health, enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, please complete the following table and include data for each county in your proposed service area.*

**Response: Refer to the Chart below for the data requested.**

<u>Variable</u>	<u>Blount</u>	<u>Loudon</u>	<u>McMinn</u>	<u>Monroe</u>	<u>Sevier</u>
Current 65+ 2010	18,776	9,733	8,377	7,120	18,690
Projected 65 + 2015	22,024	11,783	9,429	8,477	16,015
Age 65 % change	+ 17.3%	+21.1%	+12.6%	+19.1%	-14.3%
Tot. Current pop.	123,692	46,504	53,914	46,499	86,655

Proj. tot. pop. 2015	130,143	48,679	56,094	49,328	92,702
Tot. pop. Change	+5.2%	+4.7%	+4.0%	+6.1%	+7.0%
TennCare pop. 2012	18,529	6,994	10,314	9,727	15,447
TennC % or pop.	15.0%	15.0%	19.1%	20.9%	17.8%
Med. Household Inc.	\$47,298	\$50,548	\$38,604	\$35,096	\$42,569
Pop. % below Poverty	12.3%	14.0%	18.3%	20.9%	13.5%

Sources: TN Department of Health, TennCare Bureau, US Census Bureau.

Note: US Census data (Median Household Income & Population % below Poverty Level) is 2011 data. Also, I could not locate Median Age by County.

**10. Section C, Need, Item 6 MRI**

*Please provide an estimate of referrals by specialty to the applicant's MRI service during the first year of operation:*

**Response:**

**Based on historical patterns, we expect the referrals to our MRI service by specialty to approximate the following during the first year:**

<u>Physician Specialty</u>	<u>MRI Referrals</u>
Family Practice	899
Internal Medicine	545
Orthopedics	265
General Surgery	6
Neurology	487
Oncology	29
ENT	86
Rheumatology	53
NeuroSurgeon	29
<u>Other</u>	<u>144</u>
<b>Total MRI Volume</b>	<b>2543</b>

**11. Section C, Economic feasibility, Item 3**

*Please recheck the cost per square foot in the amount of \$899.00 and submit a replacement page if necessary.*

*Please compare this project's cost per square foot to cost per square foot ranges of previously approved projects found in the "Applicant's Toolbox" on the HSDA website ([www.tn.gov/hdda](http://www.tn.gov/hdda)) or provide specific examples supporting the reasonableness of proposed project costs.*

**Response:**

You are correct as I have calculated the cost per square foot incorrectly. The expected construction cost is \$347,000, Architectural/Engineering fees of \$32,000 and contingency fund of \$35,000 for a total construction related cost of \$414,000. Based on square footage of 883 sq. ft, the cost per square foot is \$469.

In referencing the HSDA "Applicant's Toolbox", there is no comparative cost per square foot data for Outpatient Diagnostic Centers due to insufficient information. If we compare it to the "Hospital" data in the Toolbox, the comparative data is as follows:

Price per square footage, Hospital related data:

<u>2011</u>		
<u>1st Quartile</u>	<u>Median</u>	<u>3rd Quartile</u>
\$126	\$178	\$274

While the square footage of the area to be renovated for the MRI is small, there is much involved. An external wall must be removed to insert the MRI, and the walls have to be lined with copper shielding.

12. Section C, Economic Feasibility, Item 4 (Historical Data chart and Projected Data Chart)  
*The historical data chart provided on page 21 a is noted. Please clarify if this historical data chart is for the MRI located at Sunnybrook. If so, please resubmit the Historical Data Chart with the revised HSDA projected data chart that includes management fees. A sample historical data chart is enclosed.*

*Please provide a Historical Data Chart for Blount Memorial Hospital that includes management fees. Please use the above mentioned historical data chart.*

*Please clarify the reason there are not funds allocated in Year One in the Projected Data Chart for the MRI service contract.*

*Please provide a Projected Data Chart that includes management fees. A revised Projected Data Chart is included as an attachment*

**Response:**

The Historic Data Chart is for the MRI located at Springbrook location. We do not contract for the service and have no management fees to report. We do have managers that oversee the service, but they also oversee many other diagnostic services and are not dedicated to MRI.

We have included the Hospital's audited financial statements which include all expenses for every service including administrative. We do not contract for management services those in operational positions are employed.

In year one of the replacement MRI, there are no service contract fees as the MRI will be under warranty.

Again, we have no contract management fees. The managers that oversee the MRI also oversee many other diagnostic services.

13. Section C, Economic Feasibility, Item 6.B

*Please compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) codes (s).*

*Please provide a comparison of the applicant facility's proposed charges to the range of charges generated from the HSDA Equipment Registry found in the "Applicant's Toolbox" on the HSDA website ([www.tn.gov/hsda](http://www.tn.gov/hsda)).*

**Response:**

The current charges by CPT codes for MRI related procedures are enclosed. The proposed MRI charges in comparison to the "Applicant's Tool Box" is as follows:

<u>BMH Proposed Average</u>	<u>Year 1</u>	<u>Year 2</u>
MRI	\$3,020	\$3,135

<u>Applicant's Toolbox MRI Rates</u>	<u>1st Quartile</u>	<u>Median</u>	<u>3rd Quartile</u>
2011 MRI Average Charge	\$1,613	\$2,095	\$3,163

14. Section C., Economic Feasibility, Item 8

The projected income figures of \$1,289,009 and \$984,840 do not match the projected data chart. Please clarify.

**Response:**

You are correct; the figures stated in this item under the narrative for Net Income do not match the Projected Data Chart and are incorrect. The correct figures are reflected in the Projected Data Chart and the narrative response under Section C., Economic Feasibility, Item 8 should indicate Net Income of \$1,193,833 for Year One and \$ 903,965 in Year Two.

15. Section C., Economic Feasibility, Item 9

*Please report the estimated dollar amount of revenue anticipated from each of TennCare/Medicaid and Medicare.*

**Response:**

Of the net revenue collected in the projected years, we estimate the TennCare and Medicare/Medicare Advantage amounts in Year One and Year Two to be as follows:

<u>Payer</u>	<u>Year One Net Revenue</u>	<u>Year Two Net Revenue</u>
TennCare	\$147,376	\$ 146,248
Medicare/Advantage	\$548,583	\$ 553,014

16. Section C, Orderly Development, Item 7 (a)

*Please verify that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Substance Abuse Services, the Department of Intellectual and Developmental Disabilities, and/or any applicable Medicare requirements.*

**Response:**

**Blount Memorial meets licensure requirements of the Department of Health, the Department of Mental health and Substance Abuse Services, the Department of Intellectual and Developmental Disabilities, and/or applicable Medicare requirements.**

17. Section C. Orderly Development, Item 8 (c)

*Please provide a copy of the latest Joint Commission survey.*

**Response:**

**Enclosed is a copy of the latest Joint Commission Survey.**

18. Section C. Orderly Development, Item 9 and 10

*Please respond to questions 9 and 10. These questions are applicable to all applicants*

**Response:**

**Our response to Items 9 & 10 are as follows:**

**(9) Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project.**

**Answer:**

**There isn't any person who would have ownership of the project. The replacement MRI is owned and operated by Blount Memorial Hospital only. We do background checks on all prospective employees and would not employ someone who has civil or criminal judgments for fraud or theft.**

**(10) If the proposal is approved, please discuss whether the applicant will provide the Tennessee health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.**

**Answer:**

**Please note that we did respond to this question and as indicated, and we intend to continue to provide the State with all data requests as we have in the past, including data specific to MRI procedures.**

19. Section C. Orderly Development, Item 11

*Please submit the 2012 utilization by payor source, by county and updated equipment registration for Blount Memorial Hospital at Springbrook to Alecia Craighead, Statistical*

**May 30, 2013**

**8:32 am**


*Analyst, Health Services and Development Agency. Please also submit the 2012 utilization by payor source, by county for Blount Memorial Hospital to Alecia Craighead, Statistical Analyst, Health Services and Development Agency.*

**Response:**

**Please know that we have already submitted the 2012 MRI data for both MRI sites (the Hospital and Springbrook) to Ms. Alecia Craighead, Statistical Analyst, Health Services and Development Agency.**

Once you have had an opportunity to review my responses, please don't hesitate to contact me at 865-981-2310 for additional questions or clarification.

Sincerely,



Jane T. 1-Nelson  
Assistant Administrator  
Enc.

**Blount Memorial Hospital**

**Additional Attachments  
For the  
Supplemental Questions**

9. **Bed Complement Data**

*Please indicate current and proposed distribution and certification of facility beds.*

	<u>Current Beds Licensed</u>	<u>*CON</u>	<u>Staffed Beds</u>	<u>Beds Proposed</u>	<u>TOTAL Beds at Completion</u>
A. Medical	157		90		157
B. Surgical	94		64		94
C. Long-Term Care Hospital					
D. Obstetrical	12		12		12
E. ICU/CCU	25		17		25
F. Neonatal					
G. Pediatric					
H. Adult Psychiatric	8		8		8
I. Geriatric Psychiatric					
J. Child/Adolescent Psychiatric					
K. Rehabilitation					
L. Nursing Facility (non-Medicaid Certified)	76		76		76
M. Nursing Facility Level 1 (Medicaid only)					
N. Nursing Facility Level 2 (Medicare only)					
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)					
P. ICF/MR					
Q. Adult Chemical Dependency	8		8		8
R. Child and Adolescent Chemical Dependency					
S. Swing Beds					
T. Mental Health Residential Treatment					
U. Residential Hospice					
<b>TOTAL</b>	380		275		380

\*CON-Beds approved but not yet in service

10. Medicare Provider Number 440011

Certification Type Hospital

11. Medicaid Provider Number 0440011

Certification Type Hospital

12. If this is a new facility, will certification be sought for Medicare and/or Medicaid? N/A

13. Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? Yes If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.

Discuss any out-of-network relationships in place with MCOs/BHOs in the area.

**APPENDIX C-1-a**

**FDA LETTER**



DEPARTMENT OF HEALTH & HUMAN SERVICES

**SUPPLEMENTAL- # 2**

**May 30, 2013**

**8:32 am**

Public Health Service

Food and Drug Administration  
10903 New Hampshire Avenue  
Document Control Room – WO66-G609  
Silver Spring, MD 20993-0002

Mr. Toru Shimizu  
Regulatory Affairs Specialist  
GE Healthcare Japan Corporation  
7-127, Asahigaoka 4-Chrome  
Hino-Shi, Tokyo, 191-8503  
JAPAN

SEP 30 2011

Re: K103327  
Trade/Device Name: Discovery MR750w 3.0T System  
Regulation Number: 21 CFR 892.1000  
Regulation Name: Magnetic resonance diagnostic device  
Regulatory Class: II  
Product Code: LNH, LNI and MOS  
Dated: September 2, 2011  
Received: September 7, 2011

Dear Mr. Shimizu:

We have reviewed your Section 510(k) premarket notification of intent to market the device referenced above and have determined the device is substantially equivalent (for the indications for use stated in the enclosure) to legally marketed predicate devices marketed in interstate commerce prior to May 28, 1976, the enactment date of the Medical Device Amendments, or to devices that have been reclassified in accordance with the provisions of the Federal Food, Drug, and Cosmetic Act (Act) that do not require approval of a premarket approval application (PMA). You may, therefore, market the device, subject to the general controls provisions of the Act. The general controls provisions of the Act include requirements for annual registration, listing of devices, good manufacturing practice, labeling, and prohibitions against misbranding and adulteration.

If your device is classified (see above) into class II (Special Controls), it may be subject to such additional controls. Existing major regulations affecting your device can be found in Title 21, Code of Federal Regulations (CFR), Parts 800 to 895. In addition, FDA may publish further announcements concerning your device in the Federal Register.

Please be advised that FDA's issuance of a substantial equivalence determination does not mean that FDA has made a determination that your device complies with other requirements of the Act or any Federal statutes and regulations administered by other Federal agencies. You must comply with all the Act's requirements, including, but not limited to: registration and listing (21 CFR Part 807); labeling (21 CFR Parts 801 and 809); medical device reporting (reporting of

May 30, 2013  
8:32 am

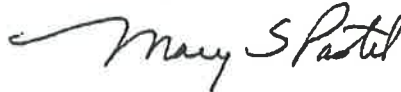
Page 2

medical device-related adverse events) (21 CFR 803); and good manufacturing practice requirements as set forth in the quality systems (QS) regulation (21 CFR Part 820). This letter will allow you to begin marketing your device as described in your Section 510(k) premarket notification. The FDA finding of substantial equivalence of your device to a legally marketed predicate device results in a classification for your device and thus, permits your device to proceed to the market.

If you desire specific advice for your device on our labeling regulation (21 CFR Parts 801 and 809), please contact the Office of *In Vitro* Diagnostic Device Evaluation and Safety at (301) 796-5450. Also, please note the regulation entitled, "Misbranding by reference to premarket notification" (21 CFR Part 807.97). For questions regarding the reporting of adverse events under the MDR regulation (21 CFR Part 803), please go to <http://www.fda.gov/MedicalDevices/Safety/ReportaProblem/default.htm> for the CDRH's Office of Surveillance and Biometrics/Division of Postmarket Surveillance.

You may obtain other general information on your responsibilities under the Act from the Division of Small Manufacturers, International and Consumer Assistance at its toll-free number (800) 638-2041 or (301) 796-7100 or at its Internet address <http://www.fda.gov/cdrh/industry/support/index.html>.

Sincerely Yours,



Mary S. Pastel, Sc.D.  
Director  
Division of Radiological Devices  
Office of In Vitro Diagnostic Device  
Evaluation and Safety  
Center for Devices and Radiological Health

Enclosure

510(k) Number (if known):

K103327

Device Name:

Discovery MR750w 3.0T**Indications for Use:**

The Discovery MR750w 3.0T is a whole body magnetic resonance scanner designed to support high resolution, high signal-to-noise ratio, and short scan times. It is indicated for use as a diagnostic imaging device to produce axial, sagittal, coronal, and oblique images, spectroscopic images, parametric maps, and/or spectra, dynamic images of the structures and/or functions of the entire body, including, but not limited to, head, neck, TMJ, spine, breast, heart, abdomen, pelvis, joints, prostate, blood vessels, and musculoskeletal regions of the body. Depending on the region of interest being imaged, contrast agents may be used. The images produced by the Discovery MR750w 3.0T reflect the spatial distribution or molecular environment of nuclei exhibiting magnetic resonance. These images and/or spectra when interpreted by a trained physician yield information that may assist in diagnosis.

Prescription Use   X    
(Part 21 CFR 801 Subpart D)

AND/OR

Over-The-Counter Use         
(Part 21 CFR 801 Subpart C)

(PLEASE DO NOT WRITE BELOW THIS LINE - CONTINUE ON ANOTHER PAGE IF NEEDED)

Concurrence of CDRH, Office of In Vitro Diagnostic Devices (OIVD)

Division Sign-Off  
Office of In Vitro Diagnostic Device  
Evaluation and Safety  
510(k) \_\_\_\_\_

**MRI QUOTE**

Quotation Number: P7-C165233 V 5

Item No.	Qty	Catalog No.	Description
	<b>1</b>		<b>Discovery MR750w 3.0T</b>
1	1	S7751WC	<p>Discovery MR750w 3.0T 32-Channel MR System</p> <p>Patient expectations of MR have shifted in recent years, as patients have begun to demand a better, more comfortable scanning experience. Increasing the size of the bore is a good first step, but it's only the beginning. The right system should overcome traditional limitations of wide-bore MR, offering both excellent images and a user-friendly experience. Patients should be more comfortable during their scan, and clinicians more comfortable in making a diagnosis. All the while, organizations should expect their MR system to help them deliver solid financial returns, maintain a high standard of patient safety, and increase the quality of their care.</p> <p>GE has advanced the capabilities of wide-bore MR by delivering both uncompromised image quality and high productivity, all with a 50cm clinical field of view. With the Discovery MR750w 3.0T GE offers a range of new functionality, provides a more patient friendly environment and a clinical workhorse system for practices of all sizes and specialties.</p> <p>To improve the patient experience and provide high image quality, no other component of an MRI system has greater impact than the magnet. Incorporating over 15 years of 3T magnet design experience, the Discovery MR750w system features a short, wide bore magnet that delivers a 50 x 50 x 50 cm FOV. The magnet geometry has been optimized to reduce patient anxiety by providing more space in the bore and more exams with the patient's head outside of the magnet. The 50cm field of view provides uniform image quality and can reduce exam times since fewer acquisitions may be necessary to cover large areas of anatomy. Complemented by GE's active shielding technology, the Discovery MR750w's flexible installations specifications provide easy siting. And with zero-boil-off magnet technology, helium refills are effectively eliminated, thus reducing operating costs and maximizing uptime.</p> <p>Quiet Technology: GE has implemented Quiet Technology on critical components of the MR system to reduce acoustic noise and improve the patient environment. This technology enables full use of the eXtreme Gradient Platform for excellent image quality, while maintaining a safe environment for the patient. The technology encompasses the gradient coil, RF body coil, and magnet mounting.</p> <p>GE's MultiDrive Transmit and OpTix RF Receive Chain: GE's innovative Optical RF receive technology improves signal detection while simultaneously reducing electrical noise. By locating the receiver electronics on the side of the magnet and close to the origin of the MR signal, interference from external noise sources is reduced thus improving image quality and SNR. The result is a 27% SNR improvement over previous generation, non-optical systems for volumetric scanning.</p>

Quotation Number: P7-C165233 V 5

Item No.	Qty	Catalog No.	Description
	<b>1</b>		<b>NonProducts</b>
31	1		Cost to rig the the new system into the facility

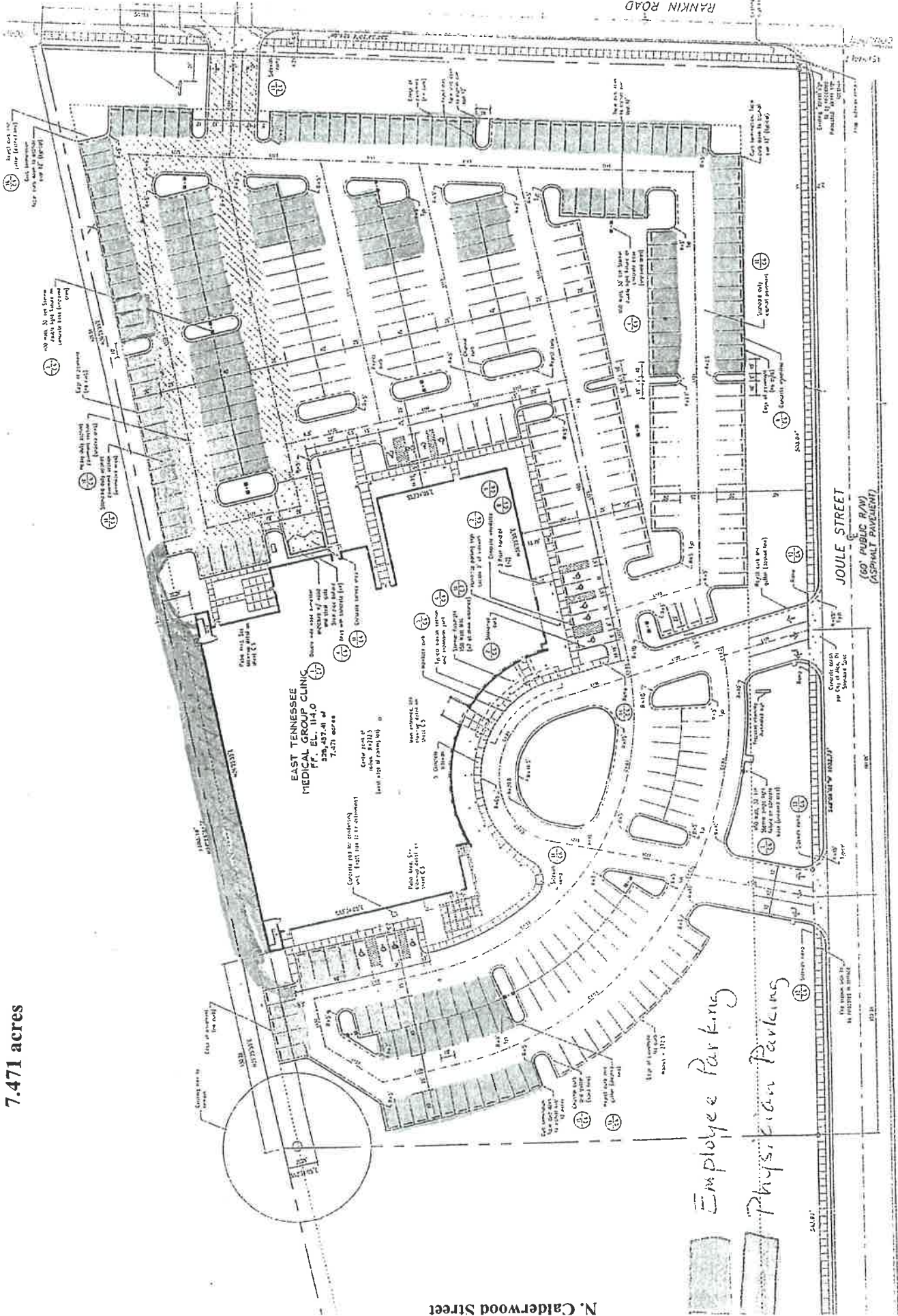
**Quote Summary:****Total Extended Selling Price:** **\$1,747,195.00****Total Quote Net Selling Price** **\$1,747,195.00**

(Quoted prices do not reflect state and local taxes if applicable. Total Net Selling Price  
Includes Trade In allowance, if applicable. )

PLOT PLAN

7.471 acres

NO.	AREA	PERCENT
1	1.12	15.00
2	1.12	15.00
3	1.12	15.00
4	1.12	15.00
5	1.12	15.00
6	1.12	15.00
7	1.12	15.00
8	1.12	15.00
9	1.12	15.00
10	1.12	15.00
11	1.12	15.00
12	1.12	15.00
13	1.12	15.00
14	1.12	15.00
15	1.12	15.00
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92	1.12	15.00
93	1.12	15.00
94	1.12	15.00
95	1.12	15.00
96	1.12	15.00
97	1.12	15.00
98	1.12	15.00
99	1.12	15.00
100	1.12	15.00



**Blount Memorial Hospital  
MRI Charges  
by  
CPT Code**

**SUPPLEMENTAL- # 2**

May 30, 2013

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Charge Code	Charge Description	Chg amt	CPT
4280010	MRI	0	
4280024	MAGNEVIST PER ML (GAD)	17	A9579
4280026	MULTIHANCE PER ML	20	A9577
4280030	EOVIST PER ML	41	A9581
4285026	MRI IAC LMTD W/O+W/CNTRST	858	7054352
4285102	MRI ABDOMEN W/O CONTRAST	2662	74181
4285104	MRI ABDOMEN W/CONTRAST	3021	74182
4285106	MRI ABDOMEN W/O+W/CNTRAST	3996	74183
4285107	MR CHOL-PNCRTOGRAPHY W/O C	2662	74181
4285108	MRI ABD/MRCP W/O+W CNTRST	4852	74183
4285111	MRI ANGIO HEAD W/O CNTRST	2662	70544
4285113	MRI ANGIO HEAD W/CONTRAST	2984	70545
4285114	MRI ANGIO HEAD W/O+W/CNTR	3996	70546
4285116	MRI ANGIO NECK W/O CNTRST	2987	70547
4285117	MRI ANGIO NECK W/CONTRAST	2984	70548
4285119	MRI ANGIO NECK W/O+W/CNTR	3996	70549
4285120	MRI ANGIO CHEST W/O+W/CNT (71555 / C8911	3996	C9999
4285121	MRI ANGIO CHEST W/O CNTRS (71555 / C8910	2662	C9999
4285122	MRA ANGIO CHEST W/CONTRST (71555 / C8909	2984	C9999
4285130	MRI ANGIO ABD W/O+W/CNTRS (74185 / C8902	3996	C9999
4285131	MRI ANGIO ABD W/O CONTRST (74185 / C8901	2662	C9999
4285132	MRI ANGIO ABD W/CONTRAST (74185 / C8900)	2984	C9999
4285140	MR ANGIO PELVIS W/O&W CNT 72198 / C8920)	3996	C9999
4285141	MR ANGIO PELVIS W/O CNTRS (72198 / C8919	2662	C9999
4285142	MR ANGIO PELVIS W/CNTRST (72198 / C8918)	2984	C9999
4285144	MRI ANGIO LUE W/O+W/CTRST (73225 / C8936	3996	C9999
4285145	MRI ANGIO LUE W/CONTRAST (73225 / C8934)	2984	C9999
4285146	MRI ANGIO LUE W/O CONTRST (73225/ C8935)	2662	C9999
4285147	MRI ANGIO RUE W/O+W/CTRST 73225RT/ C8936	3996	C9999
4285148	MRI ANGIO RUE W/CONTRAST 73225RT C8934	2984	C9999
4285149	MRI ANGIO RUE W/O CNTRAST 73225RT C8935	2662	C9999
4285150	MR ANGIO LW.EXTR(S)W+WO.C 73725LT C8914	3996	C9999
4285151	MR ANGIO LW.EXTR(S)W/O CN (73725/C8913)	2662	C9999
4285152	MR ANGIO LW.EXTREM.W/CONT (73752 / C8912	2984	C9999
4285154	MRI ANGIO RLE W/O+W CTRST (73725RT/C8914	3996	C9999
4285156	MRI ANGIO RLE W/O CONTRST (73725RT/ C891	2662	C9999
4285157	MRI ANGIO RLE W/CONTRAST (73725RT/C8912)	2984	C9999
4285158	MRI ANGIO LLE WO+W CNTRST 73725LT C8914	3996	C9999
4285159	MRI ANGIO LLE W/O CONTRST 73725LT C8913	2662	C9999
4285160	MRI ANGIO LLE W/CONTRAST 73725LT C8912	2984	C9999
4285200	MRI BRAIN W/O CONTRAST	2662	70551
4285390	MR BRAIN SPECTROSCOPY 76390/C9999 MC NC	746	C9999
4285400	MRI BRAIN WITH CONTRAST	3072	70552
4285405	MRI BRAIN W + W/O CONTRST	3996	70553
4285408	MRI BREAST LT LES.LOC.W/C	2662	77021
4285409	MRI BREAST RT LES.LOC W/C	2662	77021
4285411	MRI BREAST LEFT W/CONTRST 77058LT /C8903	2662	C9999
4285412	MRI BREAST RIGHT W/CNTRST 77058RT C8903	2662	C9999
4285415	MRI BREAST BILAT W/CNTRST 77059 / C8906	3803	C9999
4285416	MRI BREAST LEFT W/O CNTRS 77058 / C8904	2662	C9999
4285417	MRI BREAST RIGHT W/O CNTR (77058 / C8904	2662	C9999

# SUPPLEMENTAL- # 2

May 30, 2013

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4285418	MRI BREAST BILAT W/O CNTR (77059 / C8907	3803	C9999
4285420	MRI GUID.LT BREAST BIOPSY	0	
4285421	MRI GUID.RT BREAST BIOPSY	0	
4285502	MRI CHEST/BRCH.PLEX.W/O C	2662	71550
4285504	MRI CHEST/BRCH.PLEX.W/CNT	2984	71551
4285506	MRI CHEST/BRCH.PLEX.W/O+W	3996	71552
4285620	MRI SHOULDER LEFT W/CONTR	2984	73222LT
4285621	MRI SHOULDER RIGHT W/CONT	2984	73222RT
4285622	MRI SHOULDER LEFT W/O CNT	2662	73221LT
4285623	MRI SHOULDER RIGHT W/O CN	2662	73221RT
4285624	MRI SHOULDER LEFT WOW CNT	3996	73223LT
4285625	MRI SHOULDER RIGHT WOW CN	3996	73223RT
4285626	MRI HUMERUS LEFT W/CONTRS	2984	73219LT
4285627	MRI HUMERUS RIGHT W/CONTR	2984	73219RT
4285628	MRI HUMERUS LEFT W/O CNTR	2662	73218LT
4285629	MRI HUMERUS RIGHT W/O CNT	2662	73218RT
4285630	MRI HUMERUS LEFT WOW CNTR	3996	73220LT
4285631	MRI HUMERUS RIGHT WOW CNT	3996	73220RT
4285632	MRI ELBOW LEFT W/CONTRAST	2984	73222LT
4285633	MRI ELBOW RIGHT W/CONTRST	2984	73222RT
4285634	MRI ELBOW LEFT W/O CONTRS	2662	73221LT
4285635	MRI ELBOW RIGHT W/O CONTR	2662	73221RT
4285636	MRI ELBOW LEFT WOW CONTRS	3996	73223LT
4285637	MRI ELBOW RIGHT WOW CONTR	3996	73223RT
4285638	MRI FOREARM LEFT W/CONTRS	2984	73219LT
4285639	MRI FOREARM RIGHT W/CONTR	2984	73219RT
4285640	MRI FOREARM LEFT W/O CNTR	2662	73218LT
4285641	MRI FOREARM RIGHT W/O CNT	2662	73218RT
4285642	MRI FOREARM LEFT WOW CNTR	3996	73220LT
4285643	MRI FOREARM RIGHT WOW CNT	3996	73220RT
4285644	MRI WRIST LEFT W/CONTRAST	2984	73222LT
4285645	MRI WRIST RIGHT W/CONTRST	2984	73222RT
4285646	MRI WRIST LEFT W/O CONTRS	2662	73221LT
4285647	MRI WRIST RIGHT W/O CONTR	2662	73221RT
4285648	MRI WRIST LEFT WOW CONTRS	3996	73223LT
4285649	MRI WRIST RIGHT WOW CONTR	3996	73223RT
4285650	MRI HAND LEFT W/CONTRAST	2984	73219LT
4285651	MRI HAND RIGHT W/CONTRAST	2984	73219RT
4285652	MRI HAND LEFT W/O CONTRST	2662	73218LT
4285653	MRI HAND RIGHT W/O CNTRST	2662	73218RT
4285654	MRI HAND LEFT WOW CONTRST	3996	73220LT
4285655	MRI HAND RIGHT WOW CONTRS	3996	73220RT
4285656	MRI HIP LEFT W/CONTRAST	2984	73722LT
4285657	MRI HIP RIGHT W/CONTRAST	2984	73722RT
4285658	MRI HIP LEFT W/O CONTRAST	2662	73721LT
4285659	MRI HIP RIGHT W/O CONTRST	2662	73721RT
4285660	MRI HIP LEFT WOW CONTRAST	3996	73723LT
4285661	MRI HIP RIGHT WOW CONTRST	3996	73723RT
4285662	MRI FEMUR LEFT W/CONTRAST	2984	73719LT
4285663	MRI FEMUR RIGHT W/CONTRST	2984	73719RT
4285664	MRI FEMUR LEFT W/O CONTRS	2662	73718LT
4285665	MRI FEMUR RIGHT W/O CONTR	2662	73718RT

# SUPPLEMENTAL- # 2

May 30, 2013

8:32 am

4285666	MRI FEMUR LEFT WOW CONTRS	3996	73720LT
4285667	MRI FEMUR RIGHT WOW CONTR	3996	73720RT
4285668	MRI KNEE LEFT W/CONTRAST	2984	73722LT
4285669	MRI KNEE RIGHT W/CONTRAST	2984	73722RT
4285670	MRI KNEE LEFT W/O CONTRST	2662	73721LT
4285671	MRI KNEE RIGHT W/O CONTRS	2662	73721RT
4285672	MRI KNEE LEFT WOW CONTRST	3996	73723LT
4285673	MRI KNEE RIGHT WOW CONTRS	3996	73723RT
4285674	MRI TIB/FIB LEFT W/CONTR	2984	73719LT
4285675	MRI TIB/FIB RIGHT W/CONTR	2984	73719RT
4285676	MRI TIB/FIB LEFT W/O CNTR	2662	73718LT
4285677	MRI TIB/FIB RIGHT W/O CNT	2662	73718RT
4285678	MRI TIB/FIB LEFT WOW CNTR	3996	73720LT
4285679	MRI TIB/FIB RIGHT WOW CNT	3996	73720RT
4285680	MRI ANKLE LEFT W/CONTRAST	2984	73722LT
4285681	MRI ANKLE RIGHT W/CONTRST	2984	73722RT
4285682	MRI ANKLE LEFT W/O CONTRS	2662	73721LT
4285683	MRI ANKLE RIGHT W/O CONTR	2662	73721RT
4285684	MRI ANKLE LEFT WOW CONTRS	3996	73723LT
4285685	MRI ANKLE RIGHT WOW CONTR	3996	73723RT
4285686	MRI FOOT LEFT W/CONTRAST	2984	73719LT
4285687	MRI FOOT RIGHT W/CONTRAST	2984	73719RT
4285688	MRI FOOT LEFT W/O CONTRST	2662	73718LT
4285689	MRI FOOT RIGHT W/O CONTRS	2662	73718RT
4285690	MRI FOOT LEFT WOW CONTRST	3996	73720LT
4285691	MRI FOOT RIGHT WOW CONTRS	3996	73720RT
4285750	MISC SERVICES	0	C9999
4286010	MRI IAC W/O CONTRAST	2662	70540
4286020	MRI IAC WITH CONTRAST	2984	70542
4286025	MRI IAC W + W/O CONTRAST	3996	70553
4286030	MRI LIMITED STUDY	858	C9999
4286201	MR MYOCARD/THOR.AORTA W/O	2662	75557
4286202	MR MYOCARD/THOR.AORTA WOW	3996	75561
4286402	MRI ORB/FACE/NCK W/O CNTR	2662	70540
4286404	MRI ORB/FACE/NCK W/CNTRST	2984	70542
4286406	MRI ORB/FACE/NCK W/O+W CN	3996	70543
4286410	MR-PT MONITORING SUPPLIES	1	
4286412	MRI CLIPLOC TISSUE MARKER	349	
4286502	MRI PELVIS W/O CONTRAST	2662	72195
4286504	MRI PELVIS W/ CONTRAST	2984	72196
4286506	MRI PELVIS W/O+W/CONTRAST	3996	72197
4286510	MRI SELLA/PITUIT W/O CONT	2662	70551
4286520	MRI SELLA/PITUIT WITH CON	2984	70553
4286530	MRI SELLA/PIT W+W/O CONTR	3996	70553
4286600	MRI SPINE CERV W/O CONT	2662	72141
4286700	MRI SPINE CERV WITH CONT	2984	72142
4286705	MRI SPINE CERV W+W/O CNTR	3996	72156
4286800	MRI SPINE THOR W/O CONT	2662	72146
4286900	MRI SPINE THOR WITH CONT	3112	72147
4286905	MRI SPINE THOR W+W/O CNTR	3996	72157
4287000	MRI SPINE LUMB W/O CONT	2662	72148
4287100	MRI SPINE LUMBAR WITH CON	3108	72149

**SUPPLEMENTAL- # 2****May 30, 2013****8:32 am**

4287105	MRI SPINE LUMB W+W/O CNTR	3996	72158
4287200	MRI TMJ JOINT(S)	2662	70336
4288001	MR OO CER/LUM SPINE W/CON	0	
4288002	MR OO CER/LUM SPINE WO CN	0	
4288003	MR OO CER/LUM SPINE WOW C	0	
4288004	MR OO CTL SPINE W/CONTRST	0	
4288005	MR OO CTL SPINE WO CONTRS	0	
4288006	MR OO CTL SPINE WOW CONTR	0	
4288007	MR OO CER/THOR SPINE W/CN	0	
4288008	MR OO CER/THOR SPINE WO C	0	
4288009	MR OO CER/THOR SPINE WOW	0	
4288010	MR OO THOR/LUM SPINE W/CN	0	
4288011	MR OO THOR/LUM SPINE WO C	0	
4288012	MR OO THOR/LUM SPINE WOW	0	
4288020	MRA OO LE BILAT.W/CONTRST	0	
4288021	MRA OO LE BILAT.W/O CONTR	0	
4288022	MRA OO LE BILAT WOW CONTR	0	
4289001	(c) MRI GUID.LT BREAST BIOPSY	2762	77021
4289002	(c) MRI GUID.RT BREAST BIOPSY	2762	77021

**APPENDIX III (7) b**

**JOINT COMMISSION ACCREDITATION  
AND  
HOSPITAL LICENSE**

January 23, 2013

Re: # 7865

CCN: #440011

Program: Hospital

Accreditation Expiration Date: October 27, 2015

I. D. Heinemann  
Administrator  
Blount Memorial Hospital, Inc.  
907 East Lamar Alexander Parkway  
Maryville, Tennessee 37804-5016

Dear Mr. Heinemann:

This letter confirms that your October 22, 2012 - October 26, 2012 unannounced full resurvey was conducted for the purposes of assessing compliance with the Medicare conditions for hospitals through The Joint Commission's **deemed status survey process**.

Based upon the submission of your evidence of standards compliance on December 07, 2012 and January 11, 2013, the areas of deficiency listed below have been removed. The Joint Commission is granting your organization an accreditation decision of Accredited with an effective date of October 27, 2012. We congratulate you on your effective resolution of these deficiencies.

§482.13 Condition of Participation: Patient's Rights  
§482.41 Condition of Participation: Physical Environment  
§482.51 Condition of Participation: Surgical Services

The Joint Commission is also recommending your organization for continued Medicare certification effective October 27, 2012. Please note that the Centers for Medicare and Medicaid Services (CMS) Regional Office (RO) makes the final determination regarding your Medicare participation and the effective date of participation in accordance with the regulations at 42 CFR 489.13. Your organization is encouraged to share a copy of this Medicare recommendation letter with your State Survey Agency.

This recommendation applies to the following locations:

Blount Memorial Hospital Counseling and CONCERN  
262 Cherokee Professional Park, Maryville, TN, 37804

Blount Memorial Hospital Total Rehabilitation at Alcoa  
264 Joule Street, Alcoa, TN, 37701

Blount Memorial Hospital, Inc.  
907 East Lamar Alexander Parkway, Maryville, TN, 37804-5016

Blount Memorial Sleep Health Center  
710 Morganton Square, Maryville, TN, 37801

Blount Memorial Total Rehabilitation at Cherokee  
1410 Sevierville Road, Maryville, TN, 37804

Blount Memorial Total Rehabilitation at Maryville  
829 East Lamar Alexander Parkway, Maryville, TN, 37804

Business Health/Diagnostic Center/Outpatient Rehab  
220 Associates Blvd, Alcoa, TN, 37701

Business Health/Outpatient Rehab  
110 Deer Crossing, Vonore, TN, 37885

East Tennessee Medical Group  
266 Joule Street, Alcoa, TN, 37701

Transitional Care Center at Morning View Village  
2320 E. Lamar Alexander Parkway, Maryville, TN, 37804

We direct your attention to some important Joint Commission policies. First, your Medicare report is **publicly accessible as required by the Joint Commission's agreement with the Centers for Medicare and Medicaid Services**. Second, Joint Commission policy requires that you inform us of any changes in the name or ownership of your organization, or health care services you provide.

Sincerely,



Mark G. Pelletier, RN, MS  
Chief Operating Officer  
Division of Accreditation and Certification Operations

cc: CMS/Central Office/Survey & Certification Group/Division of Acute Care Services  
CMS/Regional Office 4 /Survey and Certification Staff

January 23, 2013

I. D. Heinemann, BS, MS, FACHE  
Administrator  
Blount Memorial Hospital, Inc.  
907 East Lamar Alexander Parkway  
Maryville, TN 37804-5016

Joint Commission ID #: 7865  
Program: Hospital Accreditation  
Accreditation Activity: 60-day Evidence of  
Standards Compliance  
Accreditation Activity Completed: 01/11/2013

Dear Mr. Heinemann:

The Joint Commission would like to thank your organization for participating in the accreditation process. This process is designed to help your organization continuously provide safe, high-quality care, treatment, and services by identifying opportunities for improvement in your processes and helping you follow through on and implement these improvements. We encourage you to use the accreditation process as a continuous standards compliance and operational improvement tool.

The Joint Commission is granting your organization an accreditation decision of Accredited for all services surveyed under the applicable manual(s) noted below:

- Comprehensive Accreditation Manual for Hospitals

This accreditation cycle is effective beginning October 27, 2012. The Joint Commission reserves the right to shorten or lengthen the duration of the cycle; however, the certificate and cycle are customarily valid for up to 36 months.

Please visit Quality Check® on The Joint Commission web site for updated information related to your accreditation decision.

We encourage you to share this accreditation decision with your organization's appropriate staff, leadership, and governing body. You may also want to inform the Centers for Medicare and Medicaid Services (CMS), state or regional regulatory services, and the public you serve of your organization's accreditation decision.

Please be assured that The Joint Commission will keep the report confidential, except as required by law. To ensure that The Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

Sincerely,



Mark G. Pelletier, RN, MS

Chief Operating Officer

Division of Accreditation and Certification Operations

# Board for Licensing Health Care Facilities



State of Tennessee

0000000004

No. of Beds 0304

## DEPARTMENT OF HEALTH

*This is to certify, that a license is hereby granted by the State Department of Health to*

*to conduct and maintain a*

Hospital

BLOUNT MEMORIAL HOSPITAL

Located at

907 EAST LAMAR ALEXANDER PARKWAY, MARYVILLE

County of

BLOUNT

Tennessee.

*This license shall expire* APRIL 15, 2014, *and is subject to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable, and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the laws of the State of Tennessee or the rules and regulations of the State Department of Health issued thereunder.*

*In Witness Whereof, we have hereunto set our hand and seal of the State this* 15TH *day of* APRIL, 2013.

*In the Distinct Category(ies) of:*

GENERAL HOSPITAL  
PEDIATRIC BASIC HOSPITAL  
TRAUMA CENTER LEVEL 3



By *Vincent J. Davis, MPH*  
DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

By *John J. Dyer, MS*  
COMMISSIONER  
May 30, 2013  
8:32am

**Revised Plot Plan  
Showing the location of the MRI**



**Revised Historical Data Chart  
And  
Projected Data Chart**

**HISTORICAL DATA CHART**

Give information for the last *three (3)* years for which complete data are available for the facility or agency.  
The fiscal year begins in JULY 1 (Month)

	Year 2010	Year 2011	Year 2012
A. Utilization Data (Specify unit of measure)	2385	2370	2493
B. Revenue from Services to Patients			
1. Inpatient Services	\$ _____	\$ _____	\$ _____
2. Outpatient Services	\$6,198,868	\$6,401,918	\$6,987,879
3. Emergency Services	_____	_____	_____
4. Other Operating Revenue (Specify) _____	_____	_____	_____
<b>Gross Operating Revenue</b>	<b>\$6,198,868</b>	<b>\$6,401,918</b>	<b>\$6,987,879</b>
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$3,891,339	\$4,197,418	\$4,744,071
2. Provision for Charity Care	\$ 292,897	\$ 315,935	\$ 357,081
3. Provisions for Bad Debt	Included in C 1	Included in C 1	Included in C 1
<b>Total Deductions</b>	<b>\$4,184,236</b>	<b>\$4,513,352</b>	<b>\$5,101,152</b>
<b>NET OPERATING REVENUE</b>	<b>\$2,014,632</b>	<b>\$1,888,566</b>	<b>\$1,886,727</b>
D. Operating Expenses			
1. Salaries and Wages	\$ 105,057	\$ 107,210	\$ 109,397
2. Physician's Salaries and Wages	_____	_____	_____
3. Supplies	\$ 130,267	\$ 136,090	\$ 150,580
4. Taxes	_____	_____	_____
5. Depreciation	\$ 320,000	_____	_____
6. Rent	_____	_____	_____
7. Interest, other than Capital	_____	_____	_____
8. Management Fees:			
a. Fees to Affiliates	\$ 0	\$ 0	\$ 0
b. Fees to Non-Affiliates	\$ 0	\$ 0	\$ 0
9. Other Expenses – Specify MAINTENANCE CONTRACT	\$ 170,000	\$ 170,000	\$ 170,000
<b>Total Operating Expenses</b>	<b>\$ 725,324</b>	<b>\$ 413,300</b>	<b>\$ 429,977</b>
E. Other Revenue (Expenses) – Net (Specify) _____	\$ 0	\$ 0	\$ 0
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$1,289,308</b>	<b>\$1,475,266</b>	<b>\$1,456,751</b>
F. Capital Expenditures			
1. Retirement of Principal	\$ _____	\$ _____	\$ _____
2. Interest	_____	_____	_____
<b>Total Capital Expenditures</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>NET OPERATING INCOME (LOSS)</b>			
<b>LESS CAPITAL EXPENDITURES</b>	<b><u>\$1,289,308</u></b>	<b><u>\$1,475,266</u></b>	<b><u>\$1,456,751</u></b>

**PROJECTED DATA CHART**

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in **July 1** (Month).

	<b>Year One</b>	<b>Year Two</b>
A. Utilization Data (Specify unit of measure)	2543	2594
B. Revenue from Services to Patients		
1. Inpatient Services	\$ _____	\$ _____
2. Outpatient Services	\$7,679,860	\$8,132,190
3. Emergency Services	_____	_____
4. Other Operating Revenue (Specify) _____	_____	_____
<b>Gross Operating Revenue</b>	<b>\$7,679,860</b>	<b>\$8,132,190</b>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$5,356,702	\$5,899,091
2. Provision for Charity Care	\$ 403,193	\$ 444,018
3. Provisions for Bad Debt	Included in C1	Included in C1
<b>Total Deductions</b>	<b>\$5,759,895</b>	<b>\$6,343,108</b>
<b>NET OPERATING REVENUE</b>	<b>\$1,919,965</b>	<b>\$1,789,082</b>
D. Operating Expenses		
1. Salaries and Wages	\$ 112,679	\$ 116,059
2. Physician's Salaries and Wages	_____	_____
3. Supplies	\$ 168,838	\$ 181,024
4. Taxes	_____	_____
5. Depreciation	\$ 349,439	\$ 349,439
6. Rent	_____	_____
7. Interest, other than Capital	_____	_____
8. Management Fees:		
a. Fees to Affiliates	\$ 0	\$ 0
b. Fees to Non-Affiliates	\$ 0	\$ 0
9. Other Expenses -- Specify SERVICE CONTRACT	\$ 0	\$ 157,720
<b>Total Operating Expenses</b>	<b>\$ 630,956</b>	<b>\$ 804,242</b>
E. Other Revenue (Expenses) -- Net (Specify) _____	\$ _____	\$ _____
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$1,289,009</b>	<b>\$ 984,840</b>
F. Capital Expenditures		
1. Retirement of Principal	\$ _____	\$ _____
2. Interest	\$ 95,176	\$ 80,875
<b>Total Capital Expenditures</b>	<b>\$ 95,176</b>	<b>\$ 80,875</b>

2013 MAY 30 AM 8 36  
Net Operating Income less Capital Expenditures \$1,193,833 \$ 903,965

### HISTORICAL DATA CHART-OTHER EXPENSES

<u>OTHER EXPENSES CATEGORIES</u>	Year____	Year____	Year____
1. Maintenance Contract	\$170,000	\$170,000	\$170,000
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____
6.	_____	_____	_____
7.	_____	_____	_____
<b>Total Other Expenses</b>	<b>\$170,000</b>	<b>\$170,000</b>	<b>\$170,000</b>

### PROJECTED DATA CHART-OTHER EXPENSES

<u>OTHER EXPENSES CATEGORIES</u>	Year One	Year Two
1. Service Contract for replacement MRI *	\$ 0	\$ 157,720
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____
6.	_____	_____
7.	_____	_____
<b>Total Other Expenses</b>	<b>\$ 0</b>	<b>\$ 157,720</b>

\* MRI will be under warranty in Year One, therefore no need for Service Contract fee.

**Confirmation from  
Ms. Alecia Craighead, Statistical Analyst  
Indicating that Blount Memorial's  
Medical Data Submission is Complete**

**May 30, 2013  
8:32 am**

**Ted .  
Mashburn/BlountMemorialHos  
pital**

05/28/2013 01:35 PM

To Jane T.

Nelson/BlountMemorialHospital@BlountMemorialHospital

cc

bcc

Subject Fw: Confirmation Final

FYI

Ted Mashburn, RTR  
Administrative Director of Radiology Services  
Blount Memorial Hospital  
865-977-5566  
Fax 865-977-5662

----- Forwarded by Ted . Mashburn/BlountMemorialHospital on 05/28/2013 01:35 PM -----



**"Alecia L. Craighead"  
<Alecia.L.Craighead@tn.gov  
>**

05/24/2013 10:23 AM

To "TMashbur@bmnet.com" <TMashbur@bmnet.com>

cc "'kmmcdani@bmnet.com'" <kmmcdani@bmnet.com>

Subject Confirmation Final

Ted,

I have received the utilization by payor source and utilization by county for Blount Memorial Hospital and Blount Memorial Springbrook Diagnostic Center. I have also received the updated registration for Blount Memorial Springbrook Diagnostic Center. With these submissions and the previously submitted Blount Memorial Hospital registration, you have now completed this year's update.

Congratulations! You have survived another wacko year of updates.

Thank you so very much for all of your help with these.

I hope you have a great rest of 2013.

Thanks again.

Alecia

Alecia L. Craighead  
Statistical Analyst  
Health Services and Development Agency  
161 Rosa L. Parks Blvd.  
Nashville, TN 37243  
Office: 615.253.2782  
Fax: 615.741.9884  
alecia.l.craighead@tn.gov

**Notarized Affidavits**

May 30, 2013  
8:32 amAFFIDAVIT

2013 MAY 30 AM 8 37

STATE OF TENNESSEE

COUNTY OF BlountNAME OF FACILITY: Blount Memorial Hospital

I, Jane T.H. Nelson, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Jane T.H. Nelson Assistant  
Signature/Title Administrator

A circular notary seal for Susan H. McGuire, a Notary Public in the State of Tennessee, County of Blount. The seal is blue and contains the text "SUSAN H. MCGUIRE", "NOTARY PUBLIC", "STATE OF TENNESSEE", and "COUNTY OF BLOUNT".

Sworn to and subscribed before me, a Notary Public, this the 30th day of May, 2013,  
witness my hand at office in the County of Blount, State of Tennessee.

Susan H. McGuire  
NOTARY PUBLIC

My commission expires 9-25-16.

HF-0043

Revised 7/02

AFFIDAVIT

2013 MAY 30 AM 8 37

STATE OF TENNESSEE

COUNTY OF BlountNAME OF FACILITY: Blount Memorial Hospital

I, Jane T.H. Nelson, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Signature/Title

Assistant  
Administrator

Sworn to and subscribed before me, a Notary Public, this the 30th day of May, 2013, witness my hand at office in the County of Blount, State of Tennessee.

Susan H. McBure  
NOTARY PUBLIC

My commission expires 9-25-16, \_\_\_\_\_.

HF-0043

Revised 7/02